

SAMPLE QUESTION PAPER-1 (TERM 1) 2021-22

SUBJECT : ECONOMICS

CLASS : XII

Time : 90 Min

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 questions. – Contains 24 questions. Attempt any 20
 - c) Section C questions. – Contains 12 questions. Attempt any 10
3. All questions carry equal marks. (0.8 Marks Each)
4. There is no negative marking.

SECTION –A

1. When there is devaluation of domestic currency in term of foreign currency, there is _____ in national income.
 - a) Rise
 - b) Fall
 - c) Unchanged
 - d) None of these
2. When the commercial banks are in distress, Central bank acts as the _____ of the Commercial bank.
 - a) Lender of last resort
 - b) Financial Adviser
 - c) An agent
 - d) Bank of issue

3. Which of the following defines the capital receipts of the government budget?
- Either creates assets or reduces the liability of the government.
 - Either creates liabilities or reduces the assets of the government.
 - Neither creates assets nor reduces the liability of the government.
 - Neither creates liabilities nor reduces the assets of the government.
4. Total deposits created in the economy are affected by which of the following:
- Initial deposits
 - Statutory Liquidity ratio (SLR)
 - Money multiplier
 - All of the above
5. Who was the chairman of India's "First Five Year Plans"
- P. C. Mahalanobis
 - Mahatma Gandhi
 - Jawaharlal Nehru
 - None of these.

6. Match the following:

Column 1	Column 2
A 1854	I Introduction of railway
B 1869	II Set up of 1 st official railway bridge
C 1850	III First official census of India was conducted
D 1881	IV Opening of Suez canal

- A-II , B - IV , C - I, D - III
- A-II , B - III , C - I ,D - IV
- A-III , B - IV , C - I ,D - II
- A-IV , B - II , C - I ,D - III

7. Main features of IPR 1956 are:
- A- Protection to cottage and small scale industries.
 - B- Specific and all important role assigned to public sector.
 - C- Cautions approach towards foreign capital
 - D- All of these.
8. External sector reforms under NEP included:
- a) Foreign exchange reforms
 - b) Foreign trade policy reforms
 - c) Both (a) and (b)
 - d) None of these
9. Invisible items includes:
- a) Banking
 - b) Agricultural output
 - c) Machinery
 - d) Handicraft industry
10. Read the following statements carefully and choose the correct alternatives given below:
- Assertion (A): Absolute poverty is prevalent in developed economies.
- Reason (R): Most developed economies are industrialized economy.
- From the given alternatives choose the correct one:**
- 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

11. Which of the following is not true for Autonomous transactions?
- They are recorded only in capital account
 - They are independent in nature
 - They are incurred with the aim of profit maximization, income earning etc.
 - They are above the line transactions.
12. NABARD stands for _____ and was set up in _____ .
- National bank for agriculture, reconstruction and development, 1962
 - National bank for agriculture, reconstruction and development, 1972
 - National bank for agriculture and rural development, 1992
 - National bank for agriculture and rural development, 1982
13. The state with highest literacy rate is :
- Delhi
 - Kerala
 - Tamil Nadu
 - Punjab
14. SEZ are created by the government to achieve the objective of:
- balanced regional development
 - Reallocation of resources
 - Economic stability
 - Redistribution of income
15. Industrial sector reforms under the New Economic Policy (NEP) comprised which of the following?
- Abolition of industrial licensing
 - De-reservation of production areas
 - Contraction of public sector
 - All of these

16. Minimum support price policy is introduced for the benefits of the.
- (a) Consumers (b) Rest of the world
(c) Government (d) Farmers
17. Supply of money is :
- a) Money supplied by the RBI only
b) Total supply of money in the economy
c) Notes and coins held by the people and demand deposits with commercial banks
d) Money (notes and coins) held by the public, vault cash of the commercial banks as well as cash reserves of the commercial banks with the RBI
18. If primary deficit is 3500 and interest payment is 500, then fiscal deficit is
- a) 2900 (b) 4000
c) 4100 (d) 4200
19. Which of the following is the primary objective of economic planning in India?
- a) Abolition of poverty
b) Removing unemployment
c) Growth with social justice
d) Reducing inequality of income

20. Match the following:-

Column-I	Column-I
1. Demonetization	(A) 1950
2. Planning Commission	(B) 2015
3. NITI Aayog	(C) 1951
4. First five-year plan	(D) 2016

- a) 1- A, 2-B, 3-C, 4-D
 - b) 1-B, 2-A, 3-D, 4-C
 - c) 1-D, 2-A, 3-B, 4-C
 - d) 1-C, 2-A, 3-B, 4-D
21. Most probable reasons for poverty are:
- a) High Population
 - b) Low level of economic development
 - c) High illiteracy rate
 - d) All of the above
22. The objectives of the mid-day meal scheme is
- (a) To boost universalization of primary education
 - (b) To boost nutritional status of children in schools
 - (c) To increase enrollment, attendance and retention.
 - (d) To boost universalization of upper primary level of education
23. Rural marketing is related to.....
- A. Regulated markets
 - B. Storage
 - C. Transportation
 - D. All of the above
24. Which of the following is a wage employment program?
- A. Integrated rural development program
 - B. National rural employment program
 - C. Training for rural youth self-employment program
 - D. Swaran Jayanti Gram Swarozgar yojana

SECTION -B

25. Assertion (A)- when CRR is increased, credit creation capacity of commercial banks reduces.

Reason (R)- with increase in reserve ratios, banks have less funds available for loans.

From the given alternatives choose the correct one :

- 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

26. Assertion (A): Fiscal deficit refers to total borrowings of government during a financial year.

Reason (R): Fiscal deficit creates burden on future generations.

- a) Both Assertion (A) and Reason (R) are true, (R) is correct explanation of (A).
- b) Both Assertion (A) and Reason (R) are true but (R) is not 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. Assertion (A): India's current account balance (CAB) recorded a surplus of US\$ 19.8 billion(3.9% of GDP) in Quarter 1 of 2020-2021.

Reason (R): There has been a steeper decline in merchandise imports relative to exports in past few years.

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

- b) Both Assertion (A) and Reason (R) are true but (R) is not 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. Assertion (A)- The year 1921 is described as the year of Great Divide.

Reason (R)- It was from this year, population started increasing continuously.

- 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

29. Assertion (A): Tariffs and quotas in the economic policy post-independence were used to assist domestic industries.

Reason (R) : Our planners wanted to use foreign exchange for importing luxury goods.

From the given alternatives choose the correct one:

- 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. Choose the correct one:

A) GATT	General Agreement on Trade and Tax
B) Outsourcing	Hiring business services from rest of the world
C) Multilateral Trade	Trade between two countries
D) Disinvestment	Sale of less than 49% of PSUs

- a) A
- b) B
- c) C
- d) D

31. Assertion: The small-scale industries generate more employment than the large-scale industries.

Reason: Small scale industries are more 'Capital intensive industries'. Therefore, generate more employment.

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

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

Reason (R): This program was incorporated in Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) IN 2005.

From the given alternatives choose the correct one:

- 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

33. Match the following:

Column-1	Column -2
A) Import of furniture	i - Credit side, current account
B) Investment done abroad	ii - Debit side, current account
C) Withdrawal from official foreign exchange reserves	iii - Credit side, capital account
D) Dividend received from investment done abroad	iv- Debit side , capital account

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

34. 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

35. Assertion (A): GST is an indirect tax.

Reason (R): It is called an indirect tax because it is imposed on goods and services.

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

36. Match the following:

Column -1	Column -2
1. Repo rate	A - The rate at which commercial banks lend money to general public
2. Reverse repo rate	B - The rate at which central bank lends money to commercial banks for short term period
3. Bank rate	C - The rate at which commercial bank park their excess saving with central bank
4. Lending rate	D - The rate at which central bank lends money to commercial banks for long term period

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

37. "In government budget 2021-22, Government of India has increase the tax slab for income group Rs. 10,00,000 and above." Identify the objective of budget highlighted in the case above.

- (a) Redistribution of resources
- (b) Reducing inequality in income and wealth
- (c) Economic growth
- (d) Economic stability

38. Assertion (A) : There is saving of foreign exchange in India due to recent launch of PM's Atmanirbhar Campaign.

Reason (R) : Due to inflow of foreign capital in India, there is an increase in demand of foreign exchange.

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

39. ASSERTION (A): Public sector was given leading role in industrialization during the period of planning.

REASON (R): Private sector was not having enough capital and also market was not so big to encourage industrialists to undertake big projects even if they had capital to do so.

Alternatives:

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

40. Assertion(A): The contribution made by Primary, secondary and tertiary sectors in the GDP of a country is called sectoral composition of the economy.

Reason(R): In some countries growth in agriculture contributes more to GDP, while in some countries growth in the service contributes more to GDP.

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) Both Assertion (A) is true and Reason (R) is false.
 - d) Assertion (A) is false but Reason (R) is true.
41. Assertion (A) :FDI leads to economic colonialism.

Reason (R):FDI leads to economic colonialism. Because FDI implies ownership and management of the domestic enterprises by the foreign companies. Higher FDI leads to higher economic control of the foreign companies in the domestic market. This is what economic colonialism implies.

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) Both Assertion (A) is true and Reason (R) is false.
 - d) Assertion (A) is false but Reason (R) is true.
42. Liberalisation of the economy under the new economic policy changed the role of RBI in the economy:
- a) from a 'regulator' to 'facilitator' of the financial sector

- b) from a 'controller' to 'manager' of the government debt
- c) both (a) and (b)
- d) None of the above

43. 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 labour in comparison to urban areas, that's why more calories are required in rural areas.

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. Assertion: Most of small farmer are in debt-trap.

Reason: They borrow money from money lenders who charge high rate of interest that push them into chronic indebtedness.

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. Assertion (A): India become self-reliant in the agricultural production after introducing green revolution.

Reason(R): shortage of food grains due to drought and lack of irrigation facilities in the early 1960's.

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. ASSERTION (A): Rural people not only face problems with regard to finance, but also encounter difficulties in marketing their goods.

REASONING (R): Agriculture Marketing' needs urgent attention in the scheme of securing rapid rural development.

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.

47. ASSERTION (A):India adopt import substitution policy to protect domestic industries.

Reason (R) : Public sector of India turned out to be corrupt and they produced goods which did not match the international standards.

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.

48. Assertion (A): NITI Aayog is a policy think-tank of Government of India that aims to involve the states in an economic policy making in India.

Reason (R): Planning commission was replaced on January 1, 2015 due to its traditional top-down approach.

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

Question no. 49 – 53 are to be answered on the basis of following data.

The first ever Human Development Report (2001) of India has been released. It focuses on the vital-facts related to bureaucratic controls and poor governance of the country. The report was prepared by the planning Commission under the guidance of its Deputy Chairman, Mr. K.C. Pant. This 297-page document was released on April 23, 2002 and submitted to the Prime Minister. The report states that from 1983 to 1993-94, the Human Development Index (HDI) improved by nearly 2.6 per cent annum and by over 3 per annum. During the period 1993-2001. Rural and urban areas have shown signs of improvement, according to the report.

Kerala, Punjab, Tamil Nadu, Maharashtra and Haryana have good HDIs. But states like Bihar, Uttar Pradesh, Madhya Pradesh, Rajasthan and Orissa have HDIs close to nearly one-half to that to Kerala. Funds must be distributed efficiently and effectively so

that human development processes do not suffer according to the report.

India's growth in terms of HDI has shown dismal trends during the recent past. Lack of resources, communal feelings and illiteracy are the chief causes of decay of the average Indian. Further, politicians, bureaucrats and other elements of the administration exploit the masses, executives, and business houses. The economic and political systems need serious transformations. The socio-cultural fabric of the nation cannot be weaved again because of religious compulsions. Ironically, we believe in religion so that our passage into the next world could be smooth and sans agonies. But we are least worried about our courses of action (and their outcomes) in this world. Religion often forces us to dominate other communities and sects. We attack them at opportune moments and face reprisals from them. This vicious cycle has been going on in India for the past 3,000 years. In order to develop the quality of life of Indians, the administration must become honest, efficient, productive and agile. Plant workers must increase productivity and eschew violence and strikes. Businessmen must conduct their business operations with honesty; they never do so. Further, political parties must guide the electorate and also, the masses towards prosperity and not chaos. Our psyche has to be changed; a change of government cannot lead us to a new era sans corruption and poor governance. Economic growth is linked to social growth, moral awareness, health and education. Every industrialist must work for the benefit of his or her nation. We have least interest in our nation and that is why, we are not receiving anything from her. The targeted rate of growth (of GDP) for the Tenth Plan is 8 per cent. However, the GDP growth rate during the Ninth Plan was a meagre 5.4 per cent. During the Eighth Plan, this rate was 6.7 per cent. How can we ensure consistent human development on a national scale if our results always fall short of targets? Our economy should grow at the rate of 7-8 percent. During 2001-02, it grew at the rate of 5.4 per cent.

Since 2014, the banking sector has witnessed the adoption of the JAM (Jan-Dhan, Aadhaar, and Mobile) trinity, and issuance of licences to Payments Banks and Small Finance Banks (SFBs) to achieve last-mile connectivity in the financial inclusion drive. For instance, SFBs had mobilised deposits of ₹ 82,488 crore and extended credit of ₹ 90,576 crore to small and marginal farmers, and MSMEs (micro small & medium enterprises) by the end of FY 2019- 20.

Given the current challenges of a burgeoning population, the ongoing Covid-19 pandemic, and the West's intention to shift its manufacturing base as well as supply/value chains from China to India and elsewhere, it is essential to say 'yes' to fifth generation (2014 and beyond) banking reforms. This calls for a paradigm shift in the banking sector to improve its resilience and maintain financial stability.

The Narasimham Committee Report (1991), as well as the discussion paper on *Banking structure in India – The way forward* (Reserve Bank of India, 2013), emphasized that India should have three or four large commercial banks, with domestic and international presence, along with foreign banks. The second tier may comprise several mid-size lenders, including niche banks, with economy-wide presence.

54. How does financial inclusion programme "jan dhan yojana" affect financial conditions of Commercial banks:-
- Availability of funds with commercial banks have increased
 - Availability of funds with commercial banks have decreased
 - Not affected in any way
 - None of the above
55. Small Finance Banks had mobilised deposits of ₹82,488 crore and extended credit of ₹90,576 crore to small and marginal farmers, and MSMEs (micro small & medium enterprises) by the end of FY 2019-20. How will it affect the economy?

- a) Growth of MSME and agriculture sector become faster
- b) Financial inclusion of people
- c) Economic strengthening of rural areas
- d) All of above

56. What type of fourth generation reforms are made by government in banking sector:-

- a) Reduction in mandatory reserves
- b) Operational flexibility
- c) Improvement in competition
- d) All of above

Read the following hypothetical text and answer the questions from 57-60

While the beginning of the current economic liberalization policy in India could be traced to the period much earlier than the 1990s, the explicit acceptance and implementation of the economic liberalization program during mid-1991 by Indian government could be seen as the starting point of the new reform program, and its subsequent change of approach and priorities about its governance. It was based on the belief that economic globalization/liberalization worked toward the integration of national economies into the international economy through trade, direct foreign investment, short-term capital flows, international flow of workers and humanity, and flow of technology. But in the process of liberalizing the economy, the state's role has transformed in prioritizing a strong military, police and legal structures, and functions to protect private property rights and ensure proper functioning of markets. If the markets do not exist in the areas of land, water, Education, health care, social security, and so on, the state must take initiative in creating a market. After creating such markets, the state should keep its activities to bare minimum without

interfering with the functions of the market for it to perform efficiently. Such thinking based on Neoliberalism (Neoliberalism refers to a political ideology that espouses economic liberalism as a means of promoting economic development and securing political liberty) started occupying the minds, in a measured manner, in the policy circle world wide during the 1970s, which led to a major shift in the political-economic practices, and started moving toward deregulation, privatization, and withdrawal of state from many areas of social security, for efficient governance, based on market economy.

57. liberalism as a means of promoting:
- a) economic development
 - b) securing political liberty
 - c) Freedom of private enterprises
 - d) All the above
58. _____ refers to a political ideology that espouses economic liberalism as a means of promoting economic development and securing political liberty. (Choose the correct option)
- a) Neoliberalism
 - b) Liberalism
 - c) Capitalism
 - d) None of the above
59. State whether the given statement is correct or not.
- While the beginning of the current economic liberalization policy in India could be traced to the period much earlier than the 1990s.
- a) correct
 - b) incorrect
 - c) Not defined
 - d) None of these

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

Assertion (A) started occupying the minds, in a measured manner, in the policy circle world wide during the 1970s.

Reason (R): which led to a major shift in the political-economic practices, and started moving towards deregulation, privatization, and withdrawal of state from many areas of social security, for efficient governance, based on market economy.

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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SECTION A

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

1. Which of the following is not a tool of fiscal instrument of the government.
 - a. Taxes
 - b. Subsidies
 - c. Deficit financing
 - d. Margin requirement
2. Foreign exchange transactions which are independent of other transactions in the balance of payments account are called-
 - a. Current transactions

- b. Capital transactions
 - c. Autonomous transactions
 - d. Accommodating transactions
3. If LRR is equal to 25%, what will be the value of credit multiplier?
- a. 4
 - b. 3
 - c. 6
 - d. Can't be determined
4. If value of visible exports is greater than the value of invisible imports, the balance relates to
- a. Current account BOP
 - b. Trade deficit
 - c. Capital account BOP
 - d. Can't be determined
5. During the reform period
- a. Agriculture has declined, industrial sector reported fluctuation and service sector has gone up.
 - b. Agriculture has gone up, industrial sector reported fluctuation and service sector has declined
 - c. Agriculture has declined, industrial sector reported gone up and service sector reported fluctuation.
 - d. Agriculture sector reported fluctuation, industrial sector gone down and service sector has gone up.
6. Total demand deposits of the commercial bank
- a. Primary deposits of the commercial banks + cash deposits of the commercial bank
 - b. Primary deposits of the commercial banks + demand deposits of the commercial bank

- c. Primary deposits of the commercial banks + secondary deposits of the commercial bank
 - d. None of the above
7. Identify which of the following statements is true-
- a. Devaluation occurs when the value of the domestic currency reduces, owing to changes in supply-demand forces in the international money market
 - b. Depreciation occurs when the value of the domestic currency reduces, owing to changes in supply-demand forces in the international money market
 - c. Depreciation occurs when value of domestic currency is reduced by the government
 - d. Devaluation occurs when the value of the currency is increased by the government
8. Direct tax is called direct because it is collected directly from.....
- a. The producer on goods produced
 - b. The sellers on goods sold
 - c. The buyers of goods
 - d. The income earners
9. If the government increase tariff on import of goods, how it will impact the state of BOP?
- a. BOP deficit ,as this will increase outflow of foreign exchange
 - b. BOP surplus, as this will reduce outflow of foreign exchange
 - c. There will be no impact on the state of BOP
 - d. Can't be predicted
10. Which of the following is not a part of the banker's bank function performed by the central bank?
- a. Accepting deposits and advancing loans to bank

- b. Performing the clearing house function
c. Custodian of cash reserve ratio of commercial bank
d. None of the above
11. In 1955 Karve Committee was constituted for aiming the
a. Promotion of rural development using small scale industries
b. Promotion of agriculture using modern inputs
c. Promotion of banking services through higher infrastructural support
d. Promotion of land settlement system with modification in the existing norms
12. The _____ year is described as the "Year of the great divide."
(a) 1911 (b) 1931
(c) 1921 (d) 1941
13. Gender bias in the society on eve of independence was indicated by:
a. Mortality rate b. Literacy rate
c. Death rate d. Life expectancy
14. Read the following statements carefully and choose the correct alternative given below.
Statement – 1: Relative poverty refers to poverty of one set of people in relation to the other.
Statement – 2: Absolute poverty refers to the total no. of people living above poverty line.
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 1 is false and statement 2 is true

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

Statement – 1: Human capital refers to the stock of skill and expertise of a nation at a point of time.

Statement – 2: Human capital formation refers to the process of adding to the stock of human capital.

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 1 is false and statement 2 is true
16. Self- reliance is does not include
- a. To reduce our dependence on foreign countries, especially for food
 - b. To reduce our dependence on foreign countries, especially for defence items
 - c. Avoiding imports of those goods which could be produced in India itself
 - d. To reduce the foreign interference in our policies.
- 17 From the following given sets of statements in column I and II, choose the correct pair of statements.

Column I	Column II
A Export and Import of goods	(i) Accommodating item
B Foreign exchange reserve	(ii) Autonomous item
C Balance of trade	(iii) Difference between the export and import of visible items
D Uni- lateral transfers	(iv) Factor incomes in the form of interest , rent, etc

Alternatives:

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

18 Read the following statements – Assertion (A) and Reason (R).

Assertion (A) : Cooperative farming was promoted to enhance bargaining power of the small holders.

Reasoning (R) : The problem of low productivity was tackled by the way of technical reforms.

From the given alternatives choose the correct one:

- 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
19. National bank for agriculture and rural Development is:
- a. A Commercial bank
- b. A Cooperative bank
- c. An apex bank for rural and agricultural credit
- d. None of these
20. Which of the following statement is not true for fiscal deficit?
- a. Fiscal deficit represents the borrowing of the government
- b. Fiscal deficit is the difference between total expenditure and total receipts of the government
- c. Fiscal deficit is the difference between total expenditure and total receipts other than borrowing
- d. Fiscal deficit increases the future liability of the government

21. The _____ poor never move above the poverty line.

- a. Chronic
- b. Non poor
- c. Transient
- d. Churning

22. _____ contributes to the flow of money by way of credit creation.

- a. Central bank
- b. Commercial bank
- c. Finance minister
- d. NITI Aayog

23. Who made the first scientific estimate of national income in India during British Period?

- a. Findley Shirras
- b. Willam Digby
- c. Dadabhai Naoroji
- d. V.K.R.V. Rao

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

Statement 1- Eliminating subsidies will decrease the income inequality between rich and poor farmers.

Statement 2- Government granted subsidies to provide an incentive for adoption of the new HYV technology.

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

25. _____ is a strategy to save foreign exchange by encouraging domestic production of such goods which the country has been importing from the rest of the world.

- a. Import substitution
- b. Import liberalization
- c. Outsourcing
- d. Export substitution

SECTION B

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

- 26 Read the following statements – Assertion (A) and Reason (R). choose one of the correct alternatives given below:

Assertion (A) : In case of devaluation, the market forces of supply and demand play no role whatsoever

Reasoning (R) : Devaluation leads to excess demand of foreign currency in the international money market.

From the given alternatives choose the correct one:

- 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
27. Suppose in an economy the initial deposit of ₹10,000 crore led to the creation of total deposit worth rupees ₹2,50,000 crore.

Under the given situation the value of reserve requirement would be?

- 0.01
 - 0.004
 - 0.04
 - 0.4
- 28 Identify the incorrect statement from the following (Choose the correct alternative)
- SGH's promote rural saving as all the members pool their resources.
 - Members of SGH's have been linked to the banks.
 - SGH's is the costly way of financing the rural poor
 - SGH's involve minimum legal formalities owing to the informal credit delivery mechanism

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

Assertion (A) : Gain of migration are greater than the cost of migration, leading to human capital formation.

Reasoning (R) : Migration contributes to human capital formation as it facilitates utilization of inactive skills of the people.

From the given alternatives choose the correct one:

- 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 From the set of the statement given in the column 1 (name of the scheme) and column 2 (launch year) choose the correct pair of statement.

COLUMN 1	COLUMN 2
(Name of the scheme)	(Launch year of the programme)
(A) Jan Dhan Yogna	(i) 2005
(B) Task force on projections of the minimum needs and effective consumption demand	(ii) 1995
(C) Mahatma Gandhi national rural employment Guarantee act.	(iii) 1979
(D) Mid day meal	(iv) 2014

Options:

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

On the basis of above mention information answer the following question-

The infant mortality rate of India (as per the given data) has decrease by — %—from 1951 to 2001

- a. 34.6
- b. 43.15
- c. 231.7
- d. 294.5

33. **Assertion (A):** During the pre-British period, the land settlement system was one of the reasons for stagnation in agriculture.

Reason (R): Though, a large proportion of the population was dependent on agriculture but agriculture sector was not self-sufficient in food.

From the given alternatives choose the correct one:

- 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

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

Statement 1 – Milk cooperatives have played a major role in bringing white revolution in the country.

Statement 2 – Agricultural marketing is the farmer's act of bringing their produce to the market for sale.

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 1 is false and statement 2 is true

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

Statement 1- Higher cash reserve ratio imply higher capacity of commercial bank to create credit.

Statement 2 – Money multiplier is inversely related to LRR.

Alternatives:

- a) Both the statements are true .
- b) Both the statement are false.
- c) Statement 1 is true and Statement 2 is false
- d) Statement 1 is false and statement 2 is true

36. Choose the correct pair.

Column I	Column II
1. India became an exporter of	(A) Capital goods like machinery.
2. Opening of the Suez Canal	(B) primary products such as cotton, jute, wool etc.
3. India started importing	(C) reduced transportation cost between India and Britain
4. India's foreign trade was mainly with Britain	(D) it also traded with china, Ceylon and Persia.

Options:

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

37. **ASSERTION (A)** : Rent received by an Indian real estate company from google in New York, would be recorded on credit side of capital account.

REASONING (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

From the given alternatives choose the correct one:

- 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. Which item is not included in M1 measure of supply of money?
- a. Currency and coins with public
 - b. Demand deposits with commercial banks
 - c. Other deposits with RBI
 - d. Deposits of Indian Government with RBI
39. **ASSERTION (A)** Diversification of crops shifted from single cropping system to multiple cropping.

REASONING (R) It increases the risk of market price fluctuation.

From the given alternatives choose the correct one:

- 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). choose one of the correct alternatives given below:

Assertion (A) : Measures were taken by government to improve agriculture marketing.

Reasoning (R) : farmer by selling the product were not earning the profit

From the given alternatives choose the correct one:

- 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. Choose the incorrect statement from given below

- a. Commercial banks create credit out of primary deposit
- b. Money multiplier is directly related to legal reserve ratio
- c. Central bank of the country is authorized to maintain foreign exchange reserve.
- d. Central bank does not deal with general public

42. Choose the correct alternative showing chronological order of the following events.

- i. Rangrajan committee
- ii. Lakadwala committee
- iii. Tendulkar committee
- iv. NITI Ayog

Alternatives:

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

43. Read the following statements – Assertion (A) and Reason (R). choose one of the correct alternatives given below:

ASSERTION (A) : We need good human capital to produce other human capital (say, doctors, engineers etc.) it means that we

need investment in human capital to produce more human capital out of human resources.

REASONING (R): 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.

From the given alternatives choose the correct one:

- 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. If balance of trade shows a deficit of 4000 crore and the value of imports is 10000 crore then the value of exports would be:
- a. 4000 crore
 - b. 5000 crore
 - c. 6000 crore
 - d. 7000 crore
45. Read the following statements – Assertion (A) and Reason (R). choose one of the correct alternatives given below:

ASSERTION (A) : Government has set up MUDRA bank (Micro units development refinance agency bank) in April 2016.

REASONING (R): Objective of MUDRA bank is to meet credit needs of micro enterprise and self – employed persons.

From the given alternatives choose the correct one:

- 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. Read the following statements – Assertion (A) and Reason (R).
choose one of the correct alternatives given below:

ASSERTION (A) : Current account records receipt and payment of foreign exchange on account of such transactions which do not impact asset-liability status of a country in relation to rest of the world.

REASONING (R): Capital account records receipts and payments of such transactions which cause an impact on asset-liabilities status of a country in relation to rest of the world.

From the given alternatives choose the correct one:

- 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

47. Read the following statements – Assertion (A) and Reason (R).
choose one of the correct alternatives given below:

ASSERTION (A) : 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.

REASONING (R): India became an exporter of primary products such as raw silk cotton, wool, sugar, indigo, jute etc. and an importer of finished consumer goods.

From the given alternatives choose the correct one:

- 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

48 Match the situations given in column I with their respective implications given in column II :

Column I	Column II
A UGC	i. Recommendation for education expenditure at 6 % of GDP
B Tapas Majumdar Committee	ii. Enforces rules and regulations relating to education and research in the health sector
C Education Commission	iii. Recommendation for education expenditure for 10 years
D ICMR	iv. Funding Authority for University Education

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

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:

UNION BUDGET ESTIMATES FOR 2019-2020

Amount in crores
2020926

1. Revenue Receipts		
2. Capital Receipts (2a+2b+ 2c)		
2a, Recoveries of loans	14967	
2b. Other receipts	210000	
2c. Borrowing and other liabilities	796337	
3. Total Receipts(1+2)		1021304
4. Total Expenditure(4a+4b)		3042230
4a. On revenue Amount	2630145	
(It includes interest payment of 708203 crores)	412085	3042230

Q49 . Read the following statements- assertion (A) and Reason (R).
Choose one of the correct alternatives given below:

Assertion (A) : Recovery of loan by the government is a revenue receipt.

Reason (R) : Disinvestment is a capital receipt of the government.

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.

50. The value of Fiscal Deficit for the year 2019-20 would be

- a) 769347
- b) 6, 09,219
- c) 7,96,337
- d) 708203

51. Identify which of the following is not an example of capital receipts for the government:

- a) Recovery of loans
- b) Borrowings
- c) Profit of PSUs
- d) Disinvestment

52. Identify the correct formula to calculate Primary Deficit

- a) Interest payments
- b) Interest payments less borrowings
- c) Borrowings less interest payments
- d) Borrowings

53. Read the following statements – Assertion (A) and Reason (R). choose one of the correct alternatives given below:

ASSERTION (A) : The fiscal deficit in the economy will be zero if there is no provision for borrowing in the budget.

REASONING (R): Fiscal deficit is equal to total borrowing requirement of the economy.

From the given alternatives choose the correct one:

- 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. The value of Primary Deficit for the year 2019-20 would be

.....

- a. 796337
- b. 609219
- c. 88134
- d. 708203

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

Industrial licensing, which was earlier applicable for all industries except a defined list, was now abolished for all but a handful of industries. This meant Investments in new plants and capacity expansion in existing plants could now be undertaken for a very wide range of industries without any approval from the central government. Since the location of industries was previously specified in the license, the abolition of industrial licenses meant that location was left to investors to decide, setting the stage for different states to compete with each other to attract private investment. Earlier, the Monopolies and Restrictive Trade Practices (MRTP) Act provided that all investments by companies with total assets exceeding Rupees 1 billion needed special scrutiny to ensure that it would not increase concentration of economic power. These restrictions were abolished and the MRTP Act was to be used to check anticompetitive behavior. Foreign Direct Investment(FDI) was earlier allowed only in a defined list of high priority industries and each application needed to be cleared on a case -by-case basis, with foreign equity limited to 40%, FDI was now freely allowed up to 51% in this list and higher limits were considered on the merits of each case. The government also announced that it would seek foreign investment pro-actively in areas where it could make a major contribution.

- Montek S Ahluwalia, India's Economic Reforms: Achievement and next steps , Asians Economic Policy Review,2018

55 Liberalisation implies:

- a) reduction in government's control over economy
- b) encouragement to public sector
- c) Nationalisation
- d) none of these

56 select the correct combination between the following columns.

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

Options:

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

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

Assertion (A)- The Government increased the equity limit of foreign investment.

Reason (R) : With increase in equity limit, foreign investment both direct and indirect were reduced.

From the given alternatives choose the correct one :

Alternatives:

- 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 In the light of the given text and common knowledge, identify the incorrect statement:-

- a) In July 1991, a new economic policy was announced .
- b) Under the new industrial policy number of industries reserved for public sector was reduced from 17 to 8
- c) There were no substantial tax reforms.
- d) Liberalisation implied a substantial shift in the role of the RBI from a regulator to facilitator of the financial sector.

59 In Which year MRTP act introduced?

- A) 1989
- b) 1951
- c) 1969
- d) 1991

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

Assertion (A) – The reform policies introduced in and after 1991 removed many industrial and licensing restrictions.

Reason (R) – Rules and Laws which were aimed at regulating the economics activities became major hindrance in growth and development.

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.

SAMPLE QUESTION PAPER-3 (TERM 1) 2021-22

SUBJECT : ECONOMICS

CLASS : XII

Time : 90 Min

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. (0.8 Marks Each)
4. There is no negative marking.

SECTION A

(20 QUESTIONS OUT OF 24 QUESTIONS ARE TO BE ATTEMPTED)

- 1) 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 types of deposits
- 2) There exists _____ relation between reserve requirements and total deposits created in the economy. (fill up the blank with correct answer)
 - a. Direct.
 - b. Inverse.
 - c. Not defined.
 - d. Both direct and inverse

- 3) GST was not introduced for the following purpose
- Generate additional revenue for the government
 - Reduce tax evasion
 - To increase direct taxes
 - Create one nation, one tax and one market
- 4) TANWA is a project initiated in which state to train women in latest agricultural techniques.?
- Kerala
 - Tamil Nadu
 - Maharashtra
 - Gujarat
- 5) _____ has emerged to fill the gap in the formal credit system.
- Self-Help Groups
 - Regional Rural Banks
 - Land development Banks
 - National Bank for Agriculture and Rural development
- 6) Match the statements given under column I with the correct options given under column I

Column-I	Column II
i) Bank rate	a) Commercial banks can borrow from RBI against approved securities
ii) Reverse repo rate	b) Also called discount rate
iii) Cash reserve ratio	c) The rate of interest paid by the central bank
iv) Repo rate	d) Percentage of deposits of commercial banks which is kept in cash form with RBI

- a) i)-c); ii)-a; iii)- d) ;iv)-b)
- b) i)-c); ii)-a; iii)- b) ;iv)-d)
- c) i)-b); ii)-c; iii)- d) ;iv)-a)
- d) i)-b); ii)-a; iii)- d) ;iv)-c)

- 7) Which one of the following is not a factor which led the government in 1991 to introduce a new set of policy measures- liberalization, privatization and globalization?
- a. Decrease in foreign exchange reserves
 - b. Rising prices of essential goods
 - c. Stagnation of agricultural output
 - d. Government's inability to repay its external debt.
- 8) Modernization means
- a) Increase the production of goods and services by adopting new technology
 - b) Avoiding imports of those goods which could be produced in India itself
 - c) Recognition that women should have the same rights as men.
 - d) Both (a) and (c)
- 9) Read the following statements carefully and choose the correct alternative from the following:
- Statement 1 – Government budget is a statement of actual receipts and payments of the government.
- Statement 2 – The budget reveals the financial performance of the government in the last year and the financial policies for the coming fiscal year. 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
- 10) Industrial Policy Resolution of 1956 to classify the industries in category was adopted _____?
- a) To promote regional equality
 - b) To protect the domestic industry
 - c) To increase the role of public sector
 - d) All of the above
- 11) Read the following statements carefully and choose the correct alternative from the following:
- Statement 1 – Payment for imports of goods is written on the negative side and receipt from exports is shown on the positive side.
- Statement 2 – Balance of these visible exports and imports is known as balance of payments. 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
- 12) In case of _____, burden cannot be shifted, while in case of _____, burden can be shifted.

(Fill up the blank with correct alternative)

- i. direct tax
- ii. tax revenue
- iii. indirect tax
- iv. Non-tax revenue

Identify the correct alternatives from the following:

Alternatives:

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

- 13) Muslin is a type of _____ textile which had its origin in Bengal.
- a) Cotton
 - b) Jute
 - c) Silk
 - d) None of these
- 14) Jacqueline Fernandez a Sri Lankan actress, former model and the winner of the Miss Universe Sri Lanka pageant of 2006 who predominantly works in Hindi films sends remittances to her parents staying in Sri Lanka. From the above-mentioned statement identify on which side and in which account of the BOP it will be recorded.
- a) Credit side, Capital account
 - b) Credit side, Current account
 - c) Debit side, Current account
 - d) Debit side, Capital account
- 15) Current account includes those transactions which .
- a) Affect assets and liabilities status of a country
 - b) Do not affect assets and liabilities status of a country
 - c) Records export and import of goods and services and unilateral transfers
 - d) Both (b) and (c)
- 16) Identify the correct statement from the following: (Choose the correct alternative)

- a) Payment of interest is treated as capital expenditure
 - b) Interest is a revenue receipt
 - c) Dividends is a capital receipt
 - d) Recovery of loans is a revenue receipt
- 17) Two friends Tanu and Manu were discussing the exchange rate systems. 'Under this system, the exchange rates are determined by the government. The central bank actively uses its foreign exchange reserves to maintain the officially determined exchange rate'. The above-mentioned statement was given by Manu, identify the type of exchange rate system was she talking about?
- a) Fixed Exchange Rate
 - b) Floating Exchange Rate
 - c) Managed Floating Exchange Rate
 - d) Managed Fixed Exchange Rate
- 18) Which of the following is not the source of demand for foreign exchange?
- a) Tourism
 - b) Payment of interest and loans
 - c) Exports of goods and services
 - d) Investments
- 19) Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below:
- Assertion (A): The monetary policy is formulated by the central bank.
- Reason (R): As the policy involves measures taken to regulate the supply of money, availability, and cost of credit in the economy. 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

20) Read the following statements carefully and choose the correct alternative from the following:

Statement 1 –Under the British rule, India became an exporter of primary products and an importer of finished goods.

Statement 2 –British Government maintained a monopoly control over India's exports and imports. 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) Two Government officials were discussing on the categorizing Poverty. 'This category, includes people who are always poor and those who are usually poor'. Identify in which category of poverty they will put the above statement.

- a) Transient poor
- b) Non- Poor
- c) Chronic poor
- d) None of the above

22) Read the following statements carefully and choose the correct alternative from the following:

Statement 1 – In India, Monthly Per Capita Expenditure (MPCE) method is used to determine the poverty line.

Statement 2 – MPCE method differentiate between the very poor and the other 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

23) _____ capital is tangible, whereas, _____ capital is intangible and cannot be sold in the market.

(Fill up the blank with correct alternative)

- a) Human
- b) Physical resources
- c) Human resource
- d) Physical

Identify the correct alternatives from the following: Alternatives:

- A. i and ii
- B. i and iii
- C. iii and iv
- D. iv and i

24) Read the following statements carefully and choose the correct alternative from the following:

Statement 1 – Education contributes to economic growth of a country.

Statement 2 – Spending on education by individuals is similar to spending on capital goods by companies. 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

SECTION B

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

25. Suppose a person mortgage an article of worth ₹1000 with the

bank and the bank gives him loan of ₹700. The margin requirement in this case would be:

- a) 10%
- b) 20%
- c) 30%
- d) 40%

26 Assertion (A): Money supply refers to the total stock of money in circulation in an economy at a given point of time.

Reason (R): Money supply includes stock of gold held with the central bank and cash reserves held by commercial 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.

27. Receipts of loans from abroad is recorded as _____ and _____ items in the balance of payments. (Fill up the blank with correct alternative)

- i. Capital account
- ii. Current account
- iii. debit
- iv. Credit

Identify the correct alternatives from the following:

Alternatives:

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

28 Which of the following is not an activity related to agricultural marketing?

- a) Packaging
- b) Grading
- (c) Storing
- (d) Organic Farming

29) _____ is a major source of human capital

- a) Taxes
- b) Subsidies
- c) Health
- d) All of the above

30) Read the following statements carefully and choose the correct alternative from the following:

Statement 1 – Human capital and human development are similar terms.

Statement 2 – Human capital treats human beings as a means to an end, whereas, according to human development, human beings are ends in themselves.

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

31 Identify the correct statement from the following: (Choose the correct alternative)

- a) Human capital formation refers to the stock of skill, ability, expertise, education and knowledge embodied in the people.
- b) After on-the-job training of employees, firm insist that the workers should work for a specific period of time.

- c) Cause and effect relation between human capital and economic growth can be easily proved.
- d) Use of physical capital does not depend on human capital.
- 32) Assertion (A): According to financial sector reforms, financial sector was be allowed to take decisions on many matters without consulting the RBI.
Reason (R): As One of the major aim of financial sector reforms is to reduce the role of RBI from regulator to facilitator of financial sector

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.
- 33) Assertion (A): Every year the government fixes a target for disinvestment of PSEs.

Reason (R): Disinvestment is a compulsion for the government to tackle budgetary deficit.

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.
- 34) Match the statements given under column I with the correct options given under column II.

Column-I	Column II
i) Karve Committee	a) To promote equity
ii) Land ceiling	b) Change in the ownership of landholdings
iii) Tariffs	c) Noted the possibility of using small-scale industries for promoting rural development
iv) Land reforms	d) Tax on imported goods

- a) i-c; ii-d; iii-a; iv-b
- b) i-c; ii-d; iii-b; iv-a
- c) i-c; ii-a; iii-b; iv-d
- d) i-c; ii-a; iii-d; iv-b

35) Arrange the following events in a chronological order and choose the correct alternative.

- i) TISCO
 - ii) Suez Canal
 - iii) Tata Airline
 - v) Year of Great Divide
- a) i; ii; iii; iv
 - b) ii; i; iv; iii
 - c) iv; ii; i; iii
 - d) iv; i; ii, iii

36) Assertion: British government had monopoly control over India's foreign trade, they implemented discriminatory tariff policy to restrict trade from rest of the world.

Reason: India's trade surplus was used for payment of interest on loans, war expenses, salaries of staff by the colonial government to make India financially dependent on them.

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.
- 37 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

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 If balance of trade is showing a deficit of ₹ 400 crores and value of exports is ₹1,200 crores, then the value of imports would be:
- a) ₹ 300 crores
 - b) ₹ 1,200 crores
 - c) ₹1,600 crores
 - d) ₹ 900 crores

44) Which of the following is not the function a central bank?

- a) Lender of the last resort
- b) Accepts deposits from the public
- c) Provide centralized clearing and remittance facilities
- d) Manages public debt of the government.

45) Match the statements given under column I with the correct options given under column II.

Column-I	Column II
i) Operation Flood	a) Fruits, vegetables, flowers, medicinal and aromatic plants, spices and plantation crops
ii) Micro Credit Programmes	b) To realize fair prices for farmer's products
iii) Horticulture	c) All the farmers pool their milk produced and the same is processed and marketed to urban centres through cooperatives
iv) Cooperative marketing	d) Linking of Self- Help Groups to promote credit facilities in rural areas

- a) i-c; ii-a; iii-d; iv-b
- b) i-c; ii-d; iii-b; iv-a
- c) i-c; ii-d; iii-a; iv-b
- d) i-a; ii-c; iii-d; iv-b

46 Assertion (A): Lack of warehousing causes loss of revenue to the farmers.

Reason (R): Farmers are compelled to sell their produce immediately after harvest resulting in fall in prices.

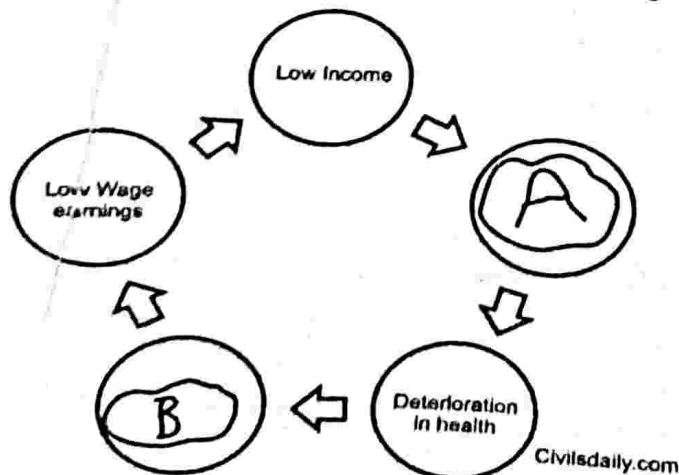
Alternatives:

- (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
- 47 Assertion (A): Integrated development of rural areas implies both, the economic betterment of people as well as social transformation in the rural sector.

Reason (R): Transformation in rural area is possible by providing better prospects for economic development, increased participation of people in rural development programs, decentralization of planning, enforcement of land reforms and access to credit.

Alternatives:

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is 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
- 48 Choose the correct alternatives to be filled in given blanks A and B.



- a) Low level of investment and Debt trap
- b) Debt trap and Low level of investment
- c) Inadequate calorie intake and Low Productivity
- d) Low Productivity and Inadequate calorie intake

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:

The Union Budget of India is the country's comprehensive annual financial statement and is mentioned in Article 112 of the Indian constitution. It is a detailed account of the government's finances including its revenues from various sources and outlays that will be incurred on different activities. It is important to note that the term "budget" is not mentioned in our constitution.

Recently, the Minister of Finance presented the Union Budget 2021-22. This was the first ever digital Union Budget. It is based on six pillars - health and well-being, physical and financial capital and infrastructure, inclusive development for aspirational India, reinvigorating human capital, innovation and R&D, and 'Minimum Government, Maximum Governance'.

This year, Finance Minister Nirmala Sitharaman announced big-ticket expenditure, understandable for an economy trying to get out of a Covid-19-wracked economic slowdown. But the budget, as in previous years, did cross the constitutional barrier of financial year ending March 31, 2022, without providing for adequate budgeted expenditure subsequently. Some examples are Rs 2.76 lakh crore (Rs 2.76 trillion) for the PM Garib Kalyan Yojana, Rs 2.87 lakh crore for the Jal Jeevan Mission, Rs 2.23 lakh.

49 Which of the following is source of budget receipts for the government?

- a) Revenue receipts
- b) Capital receipts
- c) Non-debt capital receipts
- d) All of these

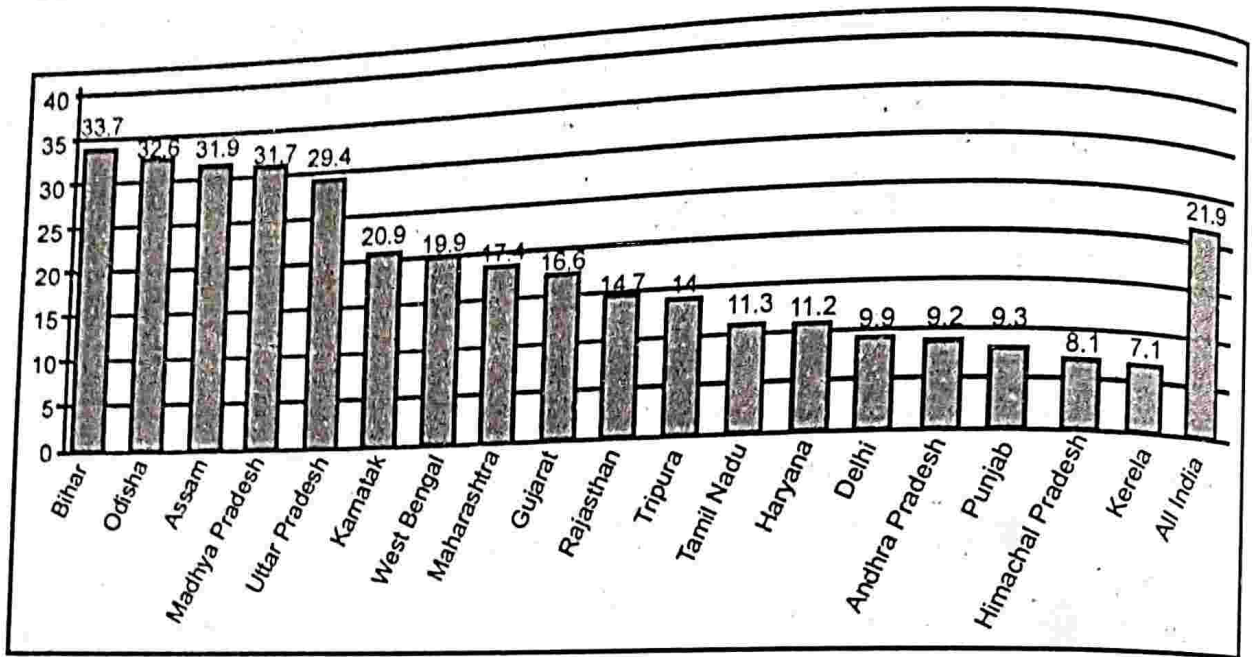
In India, the way we compute the poverty line is based on a large sample survey of household expenditures which estimates the purchasing power to buy food with a small margin for non-food expenses. From its use in driving policy design to its utility as a standard to measure the poor, the devil in poverty analysis, however, lies in the detail. With poverty anticipated to rise with the pandemic, the shortcomings of this line have been thrown into sharp relief. The way we assess poverty has been and will be ever more "socially distant". The present crisis offers an opportune moment to revisit, recalibrate and move beyond the extant poverty line.

Absolute income or consumption measures do not address the difference in standards of living between the households closer to the poverty line versus those closer to zero income.

- 55 Amartya Sen, noted Nobel Laureate, has developed an index to estimate poverty, Known as _____
- a) Sen Index
 - b) Poverty gap index
 - c) Squared poverty gap
 - d) None of these
- 56 The planning commission has defined the poverty line on the basis of the recommended nutritional necessity of calories per person per day for urban areas.
- a) 3000
 - b) 2500
 - c) 3100
 - d) 2100
- 57 The official data on poverty is made available to the public by the.
- a) NITI Aayog
 - b) Labour Bureau
 - c) Census of India
 - d) National Human Rights Commission
- 58) Which organization collects data on poverty in India?
- a) National Sample Organisation
 - b) Central Statistical Organisation

- c) Census of India
- d) Labour Bureau

59 Identify the states with the lowest and highest poverty Ratio?



- a) Bihar and Punjab
 - b) Kerala and Bihar
 - c) Bihar and Kerala
 - d) Himachal Pradesh and Bihar
- 60 Read the following statements carefully and choose the correct alternative from the following:

Statement 1 – The method of poverty line is used to measure relative poverty.

Statement 2 – In India, we take poverty in the sense of absolute poverty.

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

ANSWERS

SAMPLE PAPER 1 – 2021-22

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

ANSWERS

SAMPLE PAPER 2 – 2021-22

Q.NO.	ANS	Q.NO.	ANS
Q1	d	Q32	b
Q2	c	Q33	b
Q3	a	Q34	c
Q4	d	Q35	d
Q5	a	Q36	d
Q6	c	Q37	d
Q7	b	Q38	d
Q8	d	Q39	c
Q9	b	Q40	a
Q10	d	Q41	b
Q11	a	Q42	d
Q12	c	Q43	a
Q13	b	Q44	c
Q14	c	Q45	d
Q15	a	Q46	b
Q16	b	Q47	a
Q17	c	Q48	c
Q18	B	Q49	d
Q19	c	Q50	c
Q20	b	Q51	c
Q21	a	Q52	c
Q22	b	Q53	a
Q23	d	Q54	c
Q24	d	Q55	a
Q25	a	Q56	b
Q26	c	Q57	c
Q27	c	Q58	c
Q28	c	Q59	c
Q29	a	Q60	a
Q30	c		
Q31	c		

ANSWERS

SAMPLE PAPER 3 – 2021-22

Q. No	Answer	Q. No	Answer
Q1)	b	Q32)	a
Q2)	b	Q33)	c
Q3)	c	Q34)	d
Q4)	b	Q35)	b
Q5)	a	Q36)	b
Q6)	c	Q37)	d
Q7)	c	Q38)	c
Q8)	d	Q39)	b
Q9)	d	Q40)	a
Q10)	d	Q41)	b
Q11)	c	Q42)	d
Q12)	b	Q43)	b
Q13)	a	Q44)	b
Q14)	c	Q45)	c
Q15)	d	Q46)	a
Q16)	b	Q47)	a
Q17)	a	Q48)	c
Q18)	c	Q49)	d
Q19)	a	Q50)	c
Q20)	a	Q51)	d
Q21)	c	Q52)	c
Q22)	c	Q53)	b
Q23)	d	Q54)	c
Q24)	a	Q55)	a
Q25)	c	Q56)	d
Q26)	c	Q57)	a
Q27)	d	Q58)	a
Q28)	d	Q59)	b
Q29)	c	Q60)	d
Q30)	d		
Q31)	b		