



विद्या सर्वार्थ साधिका

ANANDALAYA
PERIODIC TEST – 1
Class: XII

Subject : Economics (030)
Date : 22-07-2024

M.M: 40
Time: 1 hr 30 min

General Instructions:

1. This question paper contains two sections:
Section A – Macro Economics
Section B – Indian Economic Development
2. This paper contains 10 Multiple Choice Questions of 1 mark each.
3. This paper contains 2 Short Answer Questions of 3 marks each to be answered in 60 to 80 words.
4. This paper contains 3 Short Answer Questions of 4 marks each to be answered in 80 to 100 words.
5. This paper contains 2 Long Answer Questions of 6 marks each to be answered in 100 to 150 words.

SECTION A – MACRO ECONOMICS

1. “The value of all goods and services can be expressed in monetary units.” On the basis of the given statement, identify the function performed by money. (1)
(A) Medium of exchange (B) Store of value
(C) Unit of account (D) Means of standard of deferred payments
2. Ms. Radhika, a teacher, was explaining in her class about various types of deposits with the commercial banks. She quoted that “These deposits form a part of M_1 measure of money supply and are payable on demand by the commercial banks.”
Identify the type of deposits she was explaining about from the alternatives given below:
(i) Demand Deposits (ii) Time Deposits (iii) Post Office Deposits
(A) Only (i) (B) Only (ii) (C) (i) and (ii) (D) (i), (ii) and (iii)
3. Which of the following is not a ‘factor payment’? (1)
(A) Profit earned by Reliance Industries Ltd. (B) Salaries to the Members of Parliament
(C) Rent paid to the owner of a building (D) Scholarship given to the students
4. Which one of the following is an intermediate good? (1)
(A) Purchase of pulses by consumer (B) Wheat used by a flour mill
(C) Machine purchased by a firm (D) Wheat used by households
5. Distinguish between intermediate goods and final goods. Give suitable examples of each. (3)
6. “Increase in Bank rate is an important tool used by Monetary Policy Committee to combat the situation of inflation in the economy.” Justify (3)
7. Elaborate the ‘Banker’s Bank and Supervisor’ function performed by the Reserve Bank of India. (4)
8. (a) Which among the following are capital goods and which are consumer goods? Give reason. (2)
(i) Washing Machine in a house.
(ii) A car used as a taxi by Uber.
(b) ‘Circular flow of income is based on the assumption that one’s expenditure is other’s income.’ Justify the given statement by explaining the circular flow of income in a two sector economy. (4)

SECTION B – INDIAN ECONOMIC DEVELOPMENT

9. Under the British rule, commercialization of agriculture resulted in shifting of agricultural production from _____ crops to _____ crops. (1)
(A) cash, food (B) cotton, jute
(C) food, cash (D) jute, food
10. Identify which of the following statements is correct: (1)
(A) British colonial rule made India net importer of raw material.
(B) The real motive behind infrastructure development by Britishers was to serve the people of India.
(C) India generated large export surplus during the British rule.
(D) Indian handicraft industry enjoyed world-wide reputation under the British rule.
11. Identify, which of the following alternatives is not associated with goals of economic planning in India. (1)
(A) Ensuring equitable standard of living (B) Technological advancement
(C) Increase in economic growth (D) Promoting imports of luxury goods
12. Identify the incorrect statement from the following: (1)
(A) Import substitution was the strategy used to save foreign exchange.
(B) License policy ensured regional equality.
(C) IPR, 1956 classified the industries into four categories.
(D) Small-scale industries are one of the essential tools for employment generation.
13. During the British rule in India, Indian agricultural output witnessed stagnation due to _____ (1)
(A) land settlement system (B) drain of Indian wealth
(C) decline in handicrafts (D) introduction of railways
14. Maximum size of cultivable landholding that an individual can hold is called _____. (1)
(A) land floor (B) land ceiling
(C) cooperative farm land (D) consolidation of land
15. (a) “The Tata group snapped up the loss-making airline (Air India) four years after the government announced its intention to sell it” (1)
Identify the type of economic reform highlighted in the above statement.
(b) “India is often called as outsourcing destination of the world.” Discuss the prime reasons for this name given to India. (3)
16. Read the following text carefully and answer the given questions on the basis of the same and common understanding.

Economic Milestone: Liberalisation, Privatisation and Globalisation (1991)

It's often said that India only gets its act together when pushed to the wall. 1991 was no different. New Economic Policy was more a matter of compulsion rather than an independent choice of the government. Faced with a balance of payments crisis, the country had to take help from the International Monetary Fund—an act that shook the nation out of its slumber. People wondered how the situation had deteriorated so much. And, more importantly, what could be done to salvage it.

That was when PV Narasimha Rao, who led a minority government at the Centre, chose to leave his indelible stamp on the nation. He chose Manmohan Singh, a former RBI governor, as his finance minister and the rest, as they say, is history.

Rising to present his maiden Budget on July 24, 1991, Manmohan Singh dismantled the license

raj and ushered in a gradual lowering of tariffs. More importantly, he devalued the rupee to make exports competitive. The initial result was euphoria. The stock market rallied (the rally had begun a little before the Budget) and foreign investors rushed in. The office of the Controller of Capital Issues was abolished and foreigners were allowed to invest in the stock market. Companies like Coca-Cola and IBM, which had left the country in the 1970s, came back.

While the economy was in far better shape in the 1990s, there was a small but significant decline in growth rates compared to the 1980s. In the five years post reforms, the economy grew at 5.3 percent versus 5.9 percent in the five years preceding 1991. Still, the journey had begun and as Manmohan Singh said in his 1991 Budget speech, “No power on earth can stop an idea whose time has come... India is now wide awake. We shall prevail. We shall overcome.”

Source: [https://www.forbesindia.com/article/independence-day-special/economic-milestone-liberalisation-privatisation-and-globalisation-\(1991\)/38449/1](https://www.forbesindia.com/article/independence-day-special/economic-milestone-liberalisation-privatisation-and-globalisation-(1991)/38449/1)

- (a) Briefly discuss any one foreign exchange reform introduced under the New Economic Policy. (1)
- (b) ‘New Economic Policy was more a matter of compulsion rather than an independent choice of the government.’ (3)
Outline any two reasons for the initiation of New Economic Policy. Name the two organizations which India approached and received a loan of US \$ 7 billion.
17. (a) “The debate over farm subsidies in India is enraging at different platforms.” Discuss any two arguments in favour of continuing farm subsidies. (2)
- (b) Discuss briefly the rationale behind choosing ‘Self-reliance’ as a planning objective for the Indian economy. (4)