



B K BIRLA CENTRE FOR EDUCATION, PUNE
(SENIOR SECONDARY CO-ED DAY CUM BOYS' RESIDENTIAL SCHOOL, AFFILIATED TO CBSE NEW
DELHI)
PRE MID-TERM EXAM (2024-25)
SUBJECT – ECONOMICS



CLASS: XII
DATE: 01/08/2024
Admission no.:

TIME: 1 Hour
MAX. MARKS: 25
Roll No.:

General instructions:

This question paper contains 10 questions. All questions are compulsory.

- **This question paper contains 5 Multiple Choice type questions. Each question carries 1 mark.**
- **This question paper contains 2 Short Answer Type-I questions. Each question carries 3 marks.**
- **This question paper contains 2 Short Answer Type-II questions. Each question carries 4 marks.**
- **This question paper contains 1 Long Answer type questions. Each question carries 6 marks.**

Q1. **Assertion (A)**– Supply of money consists of currency held by the people and net demand deposits held by the Commercial Banks 1)

Reason (B) – Supply of money is the quantity of money over a period of time.

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 the not 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

Q2. Identify which of the following statement is true? 1)

- (a) SLR is fixed by the government.
(b) Government of India issues all the coins and ₹1 currency note.
(c) Supply of currency notes are determined under fiscal policy
(d) Demand deposits are not payable through cheques

Q3. **Assertion (A)** - Recovery of loans is Capital receipt. 1)

Reason (R) - Revenue receipts of the govt. are those money receipts which do not create a liability for the govt. and as well do not lead to reduction in assets of the govt.

Q4. The government has increased the rate of income tax. The objective of government is: 1)

- (a) maintain balanced regional development (b) redistribute income and wealth
(c) reallocate resources (d) ensure economic stability

Q5. Which of the following is a revenue expenditure in a government budget? 1)

- (i) Expenses incurred for the normal functioning of the government departments and various services.
(ii) Interest payments on debt incurred by the government.
(iii) Grants given to a state government for creation of assets.

Options:

- (a) (i) and (ii) (b) (i) and (iii)
(c) (ii) and (iii) (d) All of these

- Q6. Define money . List the components of money supply. 3)
- Q7. How does the legal reserve ratio influence the process of credit creation? Explain with the help of a numerical example. 3)
- Q8. Read the following information carefully and answer the questions that follow: 4)
“ The Monetary policy committee (MPC) of the Reserve Bank of India (RBI) , recently increased the Repo Rate by 50 basis points. The rate stands today at 5.40%, whereas the Reverse Repo Rate was left unchanged at 3.35%.”
(i) Identify the two monetary policy measures and their nature mentioned in the above context.
(ii) Elaborate the likely economic rationale behind the increase in Repo Rate by the Monetary Policy Committee.
- Q9. Two friends Deepak and Krish were discussing the impact of an increase in GST rates on luxury items as recently undertaken by the government . Krish was of the view that most of the luxury items (like foreign travel, imported cigarettes, etc) should be taxed exorbitantly , while the items related to daily consumption of the poor and middle class should be tax-free. Identify and explain the objective of the Government Budget Krish is suggesting. 4)
- Q10. Categorise the following into revenue expenditure and capital expenditure. 6)
Give reasons.
(i) Payment of salaries to staff of government officials
(ii) Investment in shares
(iii) Subsidies
(iv) Expenditure on building a bridge
(v) Repayment of loan with interest
(vi) Grants to state governments for creation of assets.
