B.K. BIRLA CENTRE FOR EDUCATION
SARALA BIRLA GROUP OF SCHOOLS
A CBSE DAY-CUM-BOYS' RESIDENTIAL SCHOOL

INDIAN PUBLIC SCHOOLS' CONFERENCE

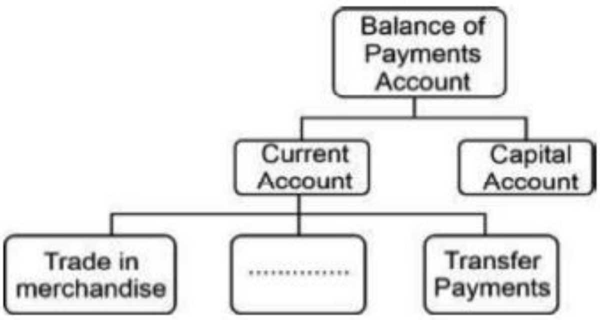
PRE MID TERM EXAM (2026-27)
ECONOMICS

Class: XII **Time: 1hr**
Date: 27.07.26 **SET - II** **Max. Marks: 25**

1. Surplus in Balance of Payments (BOP) refers to the excess of…… 1)
____________. (Choose the correct alternative to fill in the blank)
(A) Autonomous payments over Autonomous receipts
(B) Current Account payments over Autonomous receipts
(C) Capital Account receipts over Capital Account payments
(D) Autonomous receipts over Autonomous payments

2. Identify which of the following will appear on the debit side in the Capital Account of India 1)
(A) An Indian sending remittances from England
(B) Investing in assets abroad by Indians
(C) An American company purchasing shares of an Indian company
(D) Export of spices from India

3. Study the following figure carefully and choose the correct alternative to fill in the blank: 1)



Alternatives:
(A) Investments (B) Trade of Services
(C) External Borrowings (D) External Assistance

4. Read the following statements carefully: 1)
Statement 1: Depreciation of domestic currency may lead to a rise in exports.
Statement 2: Due to the depreciation of Indian National Rupee (□), purchasing power of US Dollar ($) may increase.
In light of the given statements, choose the correct alternative from the following:
(a) Statement 1 is true and Statement 2 is false.
(b) Statement 1 is false and Statement 2 is true.
(c) Both Statements 1 and 2 are true.
(d) Both Statements 1 and 2 are false.

5. Identify, which of the following is not a source of demand for foreign exchange for Indian economy? 1)
(Choose the correct alternative.)
(A) Import of goods and services
(B)Remittances by foreigners living in India to their families abroad
(C) Indian tourists visiting foreign countries (D)Loans from Rest of the World (ROW)

6. ‘Under the flexible exchange rate system, the central bank does not intervene in the foreign exchange market.’ Justify the statement, giving valid arguments. 3)

7. Explain the impact of home currency depreciation on the exports of a nation. 3)

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8. ‘There exists a positive relation between foreign exchange rate and supply of foreign exchange.’ Do you agree with the given statement? Justify your answer with valid arguments 4)

9. Elucidate the distinction between Autonomous Items and Accommodating Items concerning a nation's Balance of Payments. 4)
Give examples to demonstrate country's international economic interactions.

10. (I) Differentiate between Surplus in Balance of Trade and Current Account Surplus. 3)

(II) State, giving valid reasons, whether the following statements are true or false: 3)

a. Current account in Balance of Payments records only the exports and imports of goods and services.
b. Borrowings from abroad are recorded in the Capital Account of the Balance of Payments on the debit side.

***************************ALL THE BEST***