



B.K. BIRLA CENTRE FOR EDUCATION

SARALA BIRLA GROUP OF SCHOOLS
A CBSE DAY-CUM-BOYS' RESIDENTIAL SCHOOL



PRE MID TERM EXAM, 2025-26 ECONOMICS

Class: XII
Date: 06.08.25
Admission no:

Time: 1hr
Max Marks: 25
Roll no.:

General Instructions:

All questions are compulsory.

1. "The Cabinet led by Prime Minister has decided that the Central Government will provide free food grains to 81.35 crore (approx.) beneficiaries under the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) for a period of five years with effect from 1st January, 2024." 1)

Based on the aforesaid statement, identify the budgetary objective the government is trying to achieve and choose the correct option:

- A. Reallocation of resources
B. Economic stability
C. Redistribution of income
D. Economic instability

2. As per the data presented in the Union Budget 2023-24, the total receipts of the government other than borrowings and the total expenditure are estimated at Rs. 27.2 lakh crore and Rs. 45 lakh crores respectively. The value of the _____ deficit would be Rs. 17.8 lakh crore. 1)
(Choose the correct option to fill up the blank)

- A. revenue
B. fiscal
C. budgetary
D. primary

3. Read the following statements carefully: 1)

Statement 1: Foreign grants-in-aid receipts do not lead to any claim on the government.

Statement 2: Disposal of equity by the Public Sector Undertakings in the market may lead to a decrease in the assets of the government.

In light of the given statements, choose the correct option 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.

4. _____ is the total volume of money held by the public, for the purpose of disposing off, at a particular point of time. 1)

(Choose the correct alternative to fill in the blank)

- A. Term deposits
B. Demand for money
C. Money supply
D. Credit creation

5. Suppose in a hypothetical economy, the Central Bank increases the reserve ratio from 10% to 25%. 1)
Keeping the amount of initial deposits constant at Rs. 1,000 crore, the amount of total money creation would be Rs. _____ crore.

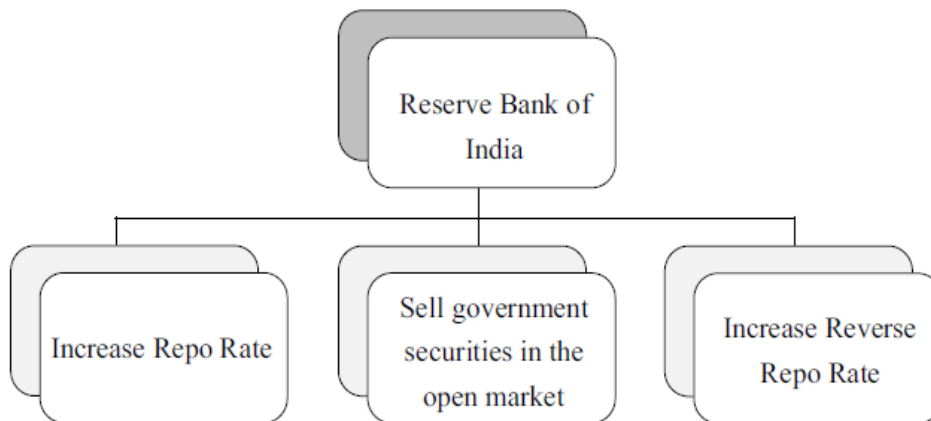
(Choose the correct alternative to fill in the blank) 1

- (A) 10,000 (B) 4,000 (C) 6,000 (D) 5,000

6. Justify the following statements with valid arguments: 3)
- (a) The Central Bank is the sole currency issuing authority of an economy.
- (b) Money serves as a measure of standard of deferred payments.

7. Using a suitable numerical example, explain the credit creation process of the banking system, in a hypothetical economy. 3)

8. Study the following image: 4)



- (i) Identify the indicated situation.
- (ii) Explain any two steps which may be taken by RBI to correct the situation.

9. Classify the following as Revenue receipts or Capital receipts. Give valid arguments in support of your answer: 4)

- (i) Interest received on loan.
- (ii) Disinvestment receipts from the sale of a government company.
- (iii) Financial assistance by the Government of USA for promoting girl education in India.
- (iv) Corporate Tax.

10. (a) Distinguish between direct tax and indirect tax with the help of suitable examples. 3)

- (b) Suppose the following data is presented for an imaginary economy: 3)
- Calculate Revenue Deficit and Fiscal Deficit.

Sr. No.	Items	Amount (in crore)
i)	Tax Receipts	1200
ii)	Revenue expenditure	3700
iii)	Non- Tax Receipts	2000
iv)	Recovery of loans	145
v)	Capital Expenditure	500
vi)	Disinvestment	120
vii)	Interest Payments	1070