



INDIAN SCHOOL AL WADI AL KABIR
DEPARTMENT OF COMMERCE
UNIT TEST I- 2025-26
ECONOMICS (030)

Date: 26/05/2025

Time: 1hour

Class: XII

Marks: 30


GENERAL INSTRUCTION:

- 1) All questions in both the sections are compulsory.*
- 2) Marks for questions are indicated each.*
- 3) All parts of a question should be answered at one place.*

Q. NO.	QUESTIONS	MARKS
	SECTION A: MACRO ECONOMICS	
1	What happens when margin requirements are increased. a. There has been no change in the amount of money in circulation. b. More likely to borrow more money resulting in a rise in the money supply c. It decreases borrowing capacity and money supply d. None of the following	1
2	Read the following statements Assertion (A) and Reason (R). Choose the correct alternatives given below: Assertion(A): Central bank of a country has the right of issuing currency notes (except one rupee note /coin) and central bank has the complete power to the money supply and credit in the country.	1

	<p>Reason(R): Central bank can use only quantitative method to control credit</p> <p>Alternatives:</p> <ul style="list-style-type: none"> 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 and (R) is not correct explanation of (A) 	
3	<p>Aman, a vegetable seller, exchanged 4 apples with Rahul, a cloth dealer for 1 meter of cloth. This is an example of: –</p> <ul style="list-style-type: none"> a. Barter system b. Monetary system c. Goods system d. None of the above 	1
4	<p>In the following questions, there are two statements given. Choose the correct answer out of the following choices.</p> <p>Statement 1: -Flow of goods between households and firms sector known as real flow</p> <p>Statement 2: Leakage of water for the last two hours known as stock</p> <ul style="list-style-type: none"> (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 	1
5	<p>Which one of the following is included in Stock?</p> <ul style="list-style-type: none"> a. Quantity of money b. Wealth c. Quantity of wheat stored in a warehouse d. All the above 	1
6	<p>Which of the following statements define a close economy?</p> <ul style="list-style-type: none"> a. Only exports are taking place b. No export or import is happening c. Deficit financing happens d. Only exports are occurring 	1

7	Explain the circular flow of income in a two-sector economy with its assumptions.	3
8	<p>Read the following newspaper report and answer questions on the basis of the same:</p> <p>HDFC Bank outages: RBI tells bank to stop sourcing new credit card customers updated:03 Dec 2020, 11:06 AM IST</p> <p>MUMBAI: In a big blow to HDFC Bank, the RBI has asked the private lender to temporarily stop all launches of its digital business generating activities under "Digital 2.0" programme. this includes sourcing of new credit card customers. The regulator issued an order on 2 nd December with regard to certain incidents of outages in HDFC Bank's internet banking, mobile banking and payment utilities over the past 2 years, the lender said in a regulatory filing on Thursday. This also includes recent outages in the bank's internet banking and payments system on 21 st November due to a power failure in the primary data centre, the bank said. "In addition, the order states that the bank's board examines the lapses and fixes accountability", it said, adding that the restrictions shall be considered for lifting based on satisfactory compliance with the major critical observations as identified by RBI.</p> <ol style="list-style-type: none"> 1. Which bank controls the banking and monetary structure of India? <ol style="list-style-type: none"> a. Reserve bank of India b. State bank of India c. World bank d. Axis bank 2. Which of these is not a function of central bank? <ol style="list-style-type: none"> a. Accepting deposits of general public b. Custodian of foreign exchange reserves c. Banker's bank d. Currency authority 3. State and explain which function of central bank is highlighted in the above extract? 4. Credit card is a form of money. State true or false giving reason. 	6

	SECTION B: INDIAN ECONOMIC DEVELOPMENT	
9.	<p>Read the following statements carefully:</p> <p>Statement I: The introduction of Railways enabled people to undertake long distance travel and thereby break geographical and cultural barriers.</p> <p>Statement II: The introduction of Railways fostered Commercialisation of Indian agriculture which adversely affected the self-sufficiency of the village economies in India.</p> <p>In the light of the given statements, choose the correct alternative from the following:</p> <p>a) Statement I is true and statement II is false. b) Statement I is false and statement II is true. c) Both statements I and II are true. d) Both statements I and II are false</p>	1
10.	<p>Look at the image given below and answer the question by choosing the correct alternative:</p>  <p>The opening of the Suez Canal in 1869, Suez Canal: Used as highway between India and Britain - Trade through the Suez Canal</p> <p>a) Further intensified British control over India's foreign trade b) Reduced the cost of transportation c) Made access to the Indian market easier d) All of the above.</p>	1

11	<p>Which of the following statements correctly reflects the demographic profile of India on the eve of its independence?</p> <ol style="list-style-type: none"> India had an average life expectancy of 63 years Both the birth rate and death rate in India were very low The overall levels of literacy in India was even less than 16 percent The infant mortality rate in India was just around 70 per every thousand live births 	1
12	<p>Arrange the following in the chronological order.</p> <ol style="list-style-type: none"> Constitution of Karve Committee Beginning of first Five Year Plan Establishment of Planning commission Establishment of NITI Aayog <p>Alternatives:</p> <ol style="list-style-type: none"> (i), (ii), (iii), (iv) (iii), (ii), (i), (iv) (iii), (iv), (ii), (i) (ii), (i), (iii), (iv) 	1
13	<p>Read the following statements-Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</p> <p>Assertion (A): HYV seeds were the main reason for the agricultural revolution in India.</p> <p>Reason (R): The major benefit of HYV seeds was that they needed less irrigation facilities.</p> <p>Alternatives:</p> <ol style="list-style-type: none"> 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. 	1
14	<p>Small scale industries _____</p> <ol style="list-style-type: none"> Use Labour intensive techniques of production Shows locational flexibility. Are Less capital intensive. 	1

	Alternatives: a) Only (i) is true b) Only (ii) is true c) Only (iii) is true d) All are true	
15	What were the main causes of India's agricultural stagnation during the colonial period?	3
16	<p>Read the following passage and answer the questions that follow:</p> <p>The economic justification of subsidies in agriculture is, at present, a hotly debated question. It is generally agreed that it was necessary to use subsidies to provide an incentive for adoption of the new HYV technology by farmers in general and small farmers in particular. Any new technology will be looked upon as being risky by farmers. Subsidies were, therefore, needed to encourage farmers to test the new technology. Some economists believe that once the technology is found profitable and is widely adopted, subsidies should be phased out since their purpose has been served. There is no case for continuing with fertilizer subsidies.</p> <p>a. What do you mean by subsidies? b. What is Green Revolution? Why was it implemented and how did it benefit the farmers? Explain in brief. c. Some say that agricultural subsidy a vice? Explain.</p>	6