



PERIODIC TEST 1 (APRIL, 2023)

CLASS-XII

SUBJECT- ECONOMICS

TIME: 1.30 HOURS

M.M.:40

General Instructions :

1. Section A contains 10 questions of 1 mark each.
2. Section B contains 5 very short answer questions types of 2 marks each.
3. Section C contains 2 short answer questions of 4 marks each.
4. Section D contains 2 long answer questions of 6 marks each.

SECTION A

(1×10 = 10)

Q1 Name the money that is issued by the authority of the government.

Q2 What is the primary function of money?

Q3 How do commercial banks create deposits?

Q4 State the components of money supply

Q5 In India, the central bank is?

Q6 What is the main aim of a commercial bank?

Q7 Consumption function is a functional relationship between?

Q8 Average propensity to consume is equal to?

Q9 Saving function is the functional relationship between?

Q10 Write the formula to find MPC?

SECTION B

Q11 Very short question and answer

(5x2= 10)

- a) What is the barter system of exchange
- b) Define demand deposit.
- c) Write the advantages of centralized cash reserves with central bank?
- d) On 8 November 2016, the government of India announced the demonetization of all 500 and 1000 banknotes of the Mahatma Gandhi Series on the recommendation of the Reserve Bank of India (RBI). Define Monetization
- e) What is monetary policy?

SECTION C

Q12 Answer these questions in not more than 300.

(2x4 =8)

- a) What is credit money? Explain the forms of credit money?
- b) Given below is the consumption function of an economy:

$$C = 100 + 0.5 Y$$

SECTION D

Q13 Long question and case-based.

(2x6=12)

A. Government of India has recently launched 'Jan Dhan Yojna' aimed at every household in the country to have at least one bank account. Explain how deposits made under the plans are going to affect national income of the country?

B. Read the following text carefully and answer questions 1-2 based on the same.

1. Keeping in view the continuing hardships faced by banks in terms of social distancing of staff and consequent strains on reporting requirements, the Reserve Bank of India has extended the relaxation of the minimum daily

maintenance of the CRR of 80% for up to September 25, 2020. Currently, CRR is 3% and SLR is 18.50%. "As announced in the Statement of Development and Regulatory Policies of March 27, 2020, the minimum daily maintenance of CRR was reduced from 90% of the prescribed CRR to 80% effective the fortnight beginning March 28, 2020 till June 26, 2020, that has now been extended up to September 25, 2020," said the RBI.

- 1.1** The full forms of CRR and SLR are: **½ mark**
- 1.2** What will be the value of the money multiplier? **1 mark**
- 1.3** SLR implies: **1 mark**
- 1.4** Decrease in CRR will lead to __. **½ mark**

2. The Reserve Bank of India (RBI) is India's Central Bank, also known as the banker's bank. The RBI controls the monetary and other banking policies of the Indian government. The Reserve Bank of India (RBI) was established on April 1, 1935, in accordance with the Reserve Bank of India Act, 1934. The role of RBI has undergone a significant change after the introduction of the new Economic Policy in 1991. The Reserve Bank of India (RBI) is India's central bank and regulatory body under the jurisdiction of the Ministry of Finance, the RBI is responsible for the issue and supply of the Indian rupee and the regulation of the Indian Banking system. It also manages the country's main payment systems and works to promote its economic development.

- 2.1** Why is RBI said to be a banker of the bank? **1 mark**
- 2.2** How has the role of RBI changed after the 1991 New Economic

Policy.

1 mark

2.3 RBI is responsible for issue and supply of Indian rupee identify the function of RBI

1 mark

GLSS PT1 2023