



**D A V KAPILDEV PUBLIC SCHOOL, KADRU, RANCHI**  
**CHAPTERWISE**

**Sample paper (2024-25)**

**CLASS – XII**  
**SUB: ECONOMICS**

**F.M. - 80**  
**TIME: 3 HRS**

**INSTRUCTIONS:**

- 1. All questions in both sections are compulsory. (X A)*
- 2. Marks for questions are indicated against each question.*
- 3. Question no. 1-20 are very short answer question carrying 1 mark each. They are required to be answered in one sentence.*
- 4. Question no. 21-24 are short answer question carrying 3 marks each. Answer to them should not normally exceed 60 words.*
- 5. Question no. 25-30 are also short answer questions carrying 4 marks each. Answer to them should not normally exceed 80 words.*
- 6. Question no. 31-34 are long answer questions carrying 6 marks each. Answer to them should not normally exceed 100 words each.*

**TOPIC - -MACROECONOMICS**

**CHAPTER- 2. MONEY AND BANKING**

- Q1. In India, coins are issued by:
- a) State bank of India                      b) Reserve bank of India  
c) Ministry of finance                      d) Ministry of urban development
- Q2. High powered money is equal to:
- a) Money supplied by the RBI only  
b) Total supply of money in the economy  
c) Notes and coins held by the people  
d) Money (notes and coins) held by the public, vault cash of the commercial banks as well as cash reserves of the commercial banks with the RBI
- Q3. Which bank is authorized to issue currency notes?
- a) Central Bank    b) Commercial Bank    c) Cooperative Bank    d) Scheduled Bank
- Q4. Money that is issued by the authority of the government is called:
- a) Full bodied money    b) Credit Money    c) Fiat Money    d) Fiduciary Money
- Q5. Who regulates money supply in India?
- a) Government of India                      b) Reserve Bank of India  
c) Commercial Banks                      d) NITI Ayog
- Q6. Demand deposits include:
- a) Cheque able deposits                      b) Deposits which can be withdrawn on demand  
c) Fixed deposits for a period                      d) Both (a) and (b)
- Q7. Supply of money is a:
- a) Flow variable    b) Stock variable    c) Real flow    d) None of these
- Q8. The ratio of total deposits that a commercial Banks must keep with Reserve bank of India is called:
- a) Deposit Ratio                                      b) Cash Reserve Ratio  
c) Legal Reserve Ratio                                      d) Statutory liquidity Ratio
- Q9. If inflation is to be combated, the RBI:

- a) Raises SLR and lowers CRR      b) Lower SLR and raises CRR  
 c) Raises both CRR as well as SLR      d) None of these

Q10. If recession is to be combated:

- a) Bank rate needs to be lowered      b) CRR needs to be lowered  
 c) Both (a) and (b)      d) Repo rate needs to be lowered and CRR needs to be raised

**ASSERTION AND REASON BASED QUESTIONS (Q. No. 11-15)**

- a) both (A) & (R) both are true and (R) is correct explanation of (A)  
 b) both (A) & (R) both are true and (R) is not correct explanation of (A)  
 c) (A) is true but (R) is false  
 d) (A) is false but (R) is true

Q11. **Assertion (A)** - RBI gives licence to commercial banks and supervise them.

**Reason (R)** - RBI is the largest bank of country.

Q12. **Assertion (A)** - when CRR is increased, credit creation capacity of commercial banks reduces.

**Reason (R)** - with increase in reserve ratios, banks have less funds available for loans.

Q13. **Assertion (A)** - Credit creation process is now a main function of commercial banks.

**Reason (R)** - Commercial banks are the secondary money suppliers.

Q14. **Assertion (A)** - settlement of liabilities of commercial banks is done by RBI.

**Reason (R)** - RBI holds the accounts of all commercial banks and commercial banks keep funds in it essentially.

Q15. **Assertion (A)** - Margin requirement is a qualitative tool for controlling credit creation process.

**Reason (R)** - margin requirement changes the availability of supply of money in economy.

**MATCH THE FOLLOWING**

16. From the set of statements given in column I and column II, choose the correct pair of statements:

Column I	Column II
(a) SLR	(i) Fixed by the commercial bank
(b) Primary deposits	(ii) Derivative Deposits
(c) Commercial bank	(iii) Advisor to the government
(d) Central bank	(iv) Provides 'clearing house' facility

- a) - i      b) - ii      c) - iii      d) - iv

17. Match the followings:

Column I	Column II
(A) CRR	(1) the rate of rediscount on securities
(B) Money Supply	(2) total currency circulated in economy at a point of time
(C) Margin Requirements	(3) cash deposits of commercial banks total deposits with RBI
(D) REPO Rate	(4) difference between amount of loan and value of asset

- a) (A)(3), (B)(2), (C)(4), (D)(1)      b) (A)(1), (B)(4), (C)(3), (D)(2)  
 c) (A)(3), (B)(1), (C)(4), (D)(2)      d) (A)(3), (B)(4), (C)(2), (D)(1)

## CASE STUDY –

Read the following case study paragraph carefully and answer the questions (18-20) on the basis of the same.

India's total Money Supply (M3) stood at Rs 18907383 crore as on April 9th 2020, recording a rise of 11.3% over the same time last year. Currency with the public stood at Rs 2787941 crore, up 16.7% over the year. Demand deposits with banks were up 17% at Rs 1867606 crore. Time deposits with banks were also up 9.6% at Rs 14205545 crore. The bank credit to commercial sector edged up 5.1% on year to Rs 11552069 crores. However, this indicates moderation from 7.2% at the same time last year.

18. How does increase in deposits with commercial banks will affect credit creation process :-

- a) Credit creation process will increase
- b) Credit creation process will remain unaffected
- c) Credit creation process will reduce
- d) None of above

19. M3 is consist of:

- a) C + OD + Time deposits
- b) C + DD + OD + time deposits
- c) M1 + deposits of post office saving bank
- d) All of above

20. What is indicated by increasing deposits:-

- a) People prefer to save more now
- b) Income level of people are increasing
- c) People prefer to keep money in the bank accounts after demonetisation
- d) All of above

Q21 Explain the problem of double coincidence of wants faced under barter system. How has money solved it?

Q22. State the meaning and components of money supply.

OR

What role of RBI is known as 'lender of the last resort'?

Q23. Explain any three aims of demonetization.

OR

What is meant by selective credit control?

Q24. What is money multiplier? How will you determine the value of this multiplier?

Q25. What are the various measures of money supply in India?

Q26. Explain the role of reverse repo rate in controlling credit creation.

OR

What are open market operations? How do these affect availability of credit?

Q27. Explain the lender of the last resort function of the Central Bank.

OR

What are the instruments of monetary policy of RBI?

Q28. How does the introduction of plastic money enhance the convenience of both, the depositor and the bank? Explain.

OR

Discuss how the central bank plays the role of controller of credit in an economy?

Q29. Explain the open market operation method of credit control used by the central banks.

OR

What are margin requirements? How does lowering or raising of margin requirements affect availability of credit?

Q30. Explain the process of credit creation by the commercial bank.

Q31. What are the functions of the central bank? Explain any two of them.

**OR**

**Are the following statements true or false? Give reasons**

- i. Commercial banks do not create money
- ii. Cash reserve ratio is fixed by the central bank.
- iii. A reduction in bank rate adversely affects the lending power of commercial banks.
- iv. There is inverse relation between LRR and the size of money multiplier.
- v. Purchase of securities by the central bank reduces the cash reserve of banks.
- vi. To increase money supply in the economy, Central Bank raises the CRR

Q32. Explain the three methods of credit control used by the central bank

Q33. How do changes in bank rate affect the money supply in economy? Explain.

**OR**

**Are the following statement true or false? Give reasons.**

- i. M1 includes time deposits of commercial banks.
- ii. Money supply does not include money held by government and banking system.
- iii, Fiat money and fiduciary money mean the same thing.
- iv. Credit money refers to that money which is taken from banks as loan.
- v. money is a commodity.
- vi. High powered money means currency with the public.

Q34. Explain the functions of a commercial bank.