O.P.JINDAL SCHOOL, SAVITRI NAGAR

Periodic Test – 2 (Round –I) 2026-27

Class : XII Commerce M.M : 20

Subject : Economics (030) Time : 1 Hour

General Instructions: 1. All the questions are compulsory.
2. Question No. 1 to 4 carries 1 mark each.
3. Question No. 5 to 6 carries 3 marks each.
4. Question No. 7 carries 4 marks each.
5. Question No. 8 carries 6 marks each

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1. What does the fiscal deficit relate to under the government budget?

(a)Taxes shortfall (b)Disinvestment shortfall

(c) Borrowings requirement (d) Disinvestment requirement

2.Which of the following best defines 'Unilateral Transfers' in the context of international transactions?
(a) Funds transferred internationally as loans for a specified tenure and interest rate.
(b) Trade transactions involving goods and services between two countries.
(c) Payments made by one party without expecting any return in the future.
(d) Investments made by a country in the stock market of another country

3.Statement 1: Depreciation of the domestic currency makes domestic goods cheaper for foreigners.
Statement 2: Depreciation of the domestic currency increases the demand for imports.

(a) Both the statements are true.
(b) Both the statements are false.
(c) Statement 1 is true and statement 2 is false.
(d) Statement 2 is true and statement 1 is false.

4.Assertion (A): Capital expenditure is undertaken to create long-term assets in the economy.
Reason (R): Expenditure on salaries of government employees is an example of capital expenditure.
(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 but 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.

5.Recently the Government of India has doubled the import duty on gold. What impact is it likely to have on Foreign exchange rate and how?

6.Subsidy on diesel oil is a wasteful expenditure by the government. Write points in support and against of this observation.

7.Revenue deficit can be managed through borrowing or disinvestment. But fiscal deficit can be managed only through borrowing. Do you agree? State reasons in support of your answer.

8. Indian investors lend abroad. Answer the following questions:
(*A*) In which sub-account and on which side of the Balance of Payments Account such lending is recorded? Give reasons.
(*B*) Explain the impact of this lending on market exchange rate.