Social Science

Practice Test Paper 3

Understanding Society: India and Beyond

(Part 2 | Chapter 5: Managing Your Personal Finances)

Class IX

Time Allowed: 45 Minutes | Maximum Marks: 25

General Instructions

1. All 13 questions are compulsory. The paper has four sections: A, B, C and D.
2. Section A - 5 marks; Section B - 8 marks; Section C - 9 marks; Section D - 3 marks.
3. Choose one correct option in Section A. Write clear, relevant answers in Sections B, C and D.
4. Study the images and graphs carefully before answering the related questions.

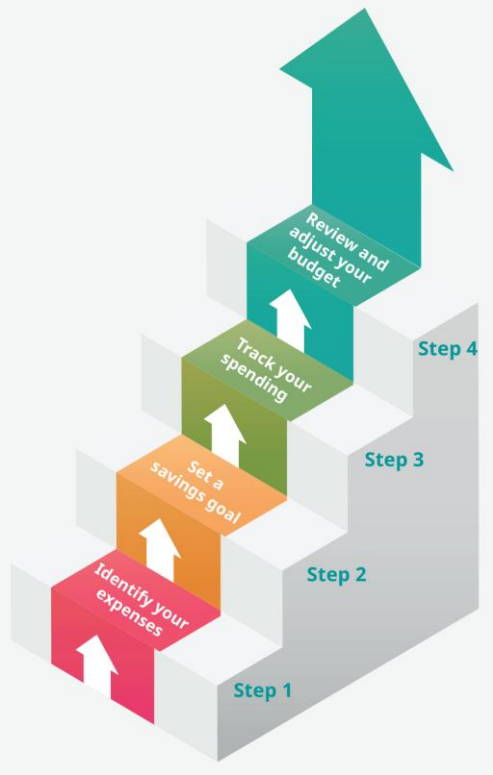
SECTION A

(5 questions × 1 mark = 5 marks)

1. A general rise in the prices of goods and services over time is called:

(A) Liquidity
(B) Inflation
(C) Diversification
(D) Maturity

2. A student compares receipts with the budget to find overspending. Which step in the diagram is being carried out?



(A) Step 1
(B) Step 2
(C) Step 4
(D) Step 3

3. Which is a government-backed long-term savings option?

(A) Public Provident Fund (B) A company share

(C) Cash kept at home (D) An informal shopping loan

4. The amount of money that a person owes someone else is:

(A) A dividend (B) A saving

(C) Debt (D) A premium

5. When Asha buys a corporate bond, her role in relation to the company is mainly that of a:

(A) Customer buying goods (B) Lender

(C) Salaried worker (D) Tax officer

SECTION B

(4 questions × 2 marks = 8 marks)

6. The applicant shown wants a loan for higher education. Why can this be a productive use of credit, and what must the applicant check before borrowing?



7. Two students need money for college in one year and in ten years respectively. Explain why their investment time horizons differ.

8. Explain the difference between setting aside cash and investing that cash.

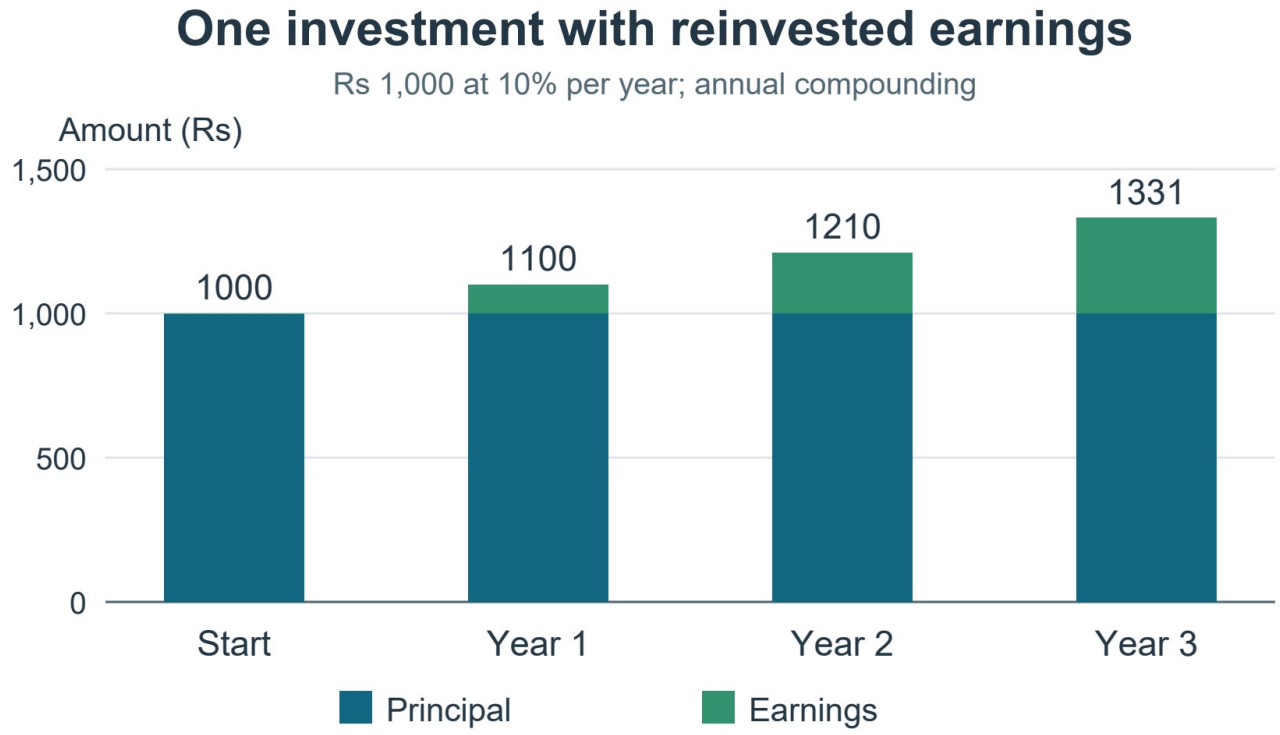
9. Why is timely and honest payment of taxes a responsibility towards society? Give two reasons.

SECTION C

(3 questions × 3 marks = 9 marks)

10. An investor chooses a share only because its advertised potential return is high. Explain three other factors that should be considered.

11. Use the investment bars to calculate the earnings in Year 3 alone and the total earnings after three years. Explain why the third year's earnings exceed the first year's earnings.



12. A family's transport costs rise unexpectedly. Describe three steps it should take to make its existing budget realistic again.

SECTION D

(Application Based Question - 3 marks)

13. A farming family receives ₹1,00,000. It first saves ₹20,000 and plans to use the rest for school fees, better seeds and a festival celebration.

(i) How much is available for spending after saving?

(ii) Which is a productive expense: better seeds or a larger celebration?

(iii) What percentage of the receipt has been saved?