

DAV PUBLIC SCHOOL, HUDCO, BHILAI

OBJECTIVE QUESTIONS FOR CLASS 12TH ECONOMICS 2019-20

1. Goods purchased for the following purpose are final goods: (Choose the correct alternative)
(a) For satisfaction of wants (b) For investment (c) Both (a) and (b) (d) None of the above
- 2 State whether the given statement is true or false:
"Buying and selling of government securities by the central bank in the open market is called open market operations".
- 3 The part of Legal Reserves Ratio (LRR) kept by the banks themselves is called..... (Fill up the blank with correct answer)
- 4is the main source of money supply in an economy. (Choose correct alternative)
(a) Central Bank (b) Commercial Banks (c) Both (a) and (b) (d) Government
- 5 Two components of M1 measures of money supply are..... (Fill up the blank with correct answer).
- 6is the interest rate at which the commercial banks can deposit their funds with the Central Bank.
- 7 State whether the given statement is true or false:
"Repo rate is the interest rate at which commercial banks can deposit their funds with the central bank."
- 8 When NDP exceeds NNP, net factor income from abroad is.....
- 9 At the breakeven point, consumption curve----- the 45° line.(Fill up the blank with correct answer)
- 10 The minimum value of multiplier is----- . (Fill up the blank with correct answer)
- 11 Marginal propensity to consume is..... (Choose the correct alternatives)
(a) $\Delta C/\Delta Y$ (b) C/Y (c) $\Delta Y/\Delta C$ (d) Y/C
- 12 State whether the given statements is true or false:
If savings are 2000 at the income level of 10000 then APS will be equal to 0.2.
- 13 The value of deposit multiplier is equal to (Choose the correct alternative)
(a) $1/CRR$ (b) $1/SLR$ (c) $1/LRR$ (d) $1/CDR$
- 14 Fines collected by the Government under the Motor vehicle Act is a Receipt in the government budget. (Fill up the blank with correct answer)
- 15 Which deficit equals excess of total Revenue Expenditure over Total Revenue receipt?
- 16 Which deficit is a measure of the borrowing requirement of the country?
- 17 The exchange rate determined by the free play of the forces of demand and supply of foreign exchange is called.....
(Fill in the blanks with correct answer)
- 18 From the Set of statements given in column I column II, choose the correct pair of statements:

Column I (a) Expenditure on collection of taxes (b) Expenditure on scholarships (c) Expenditure on purchasing computers (d) Expenditure on building a bridge	Column II (i) Capital Exp. (ii) Revenue Exp (iii) Revenue Expenditure (iv) Revenue Expenditure
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- 19is revenue expenditure. (Choose the correct alternative)
(a) Purchase of shares (b) subsidy (c) Loans advanced (d) Expenditure on acquisition of land

- 20 Identify which of the following statement is true /false.
 (a) Primary deficit in a budget equals fiscal deficit less interest payments
 (b) Primary deficit in a budget equals interest payments less borrowings
 (c) Primary deficit in a budget equals borrowings less interest payments
 (d) Primary deficit in a budget equals borrowings plus interest payments
- 21 If the price of 1 US dollar falls from 56 to 52, the Indian currency has----- (depreciated/appreciated/devalued).
 (Fill up the blank with correct alternative)

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

Column I

Column II

- | | |
|--------------------------------|--|
| (a) Autonomous transactions | (i) A situation when the value of imports of goods is greater than export of goods |
| (b) Current account of the Bop | (ii) are dependent on other transactions |
| (c) Fixed Exchange Rate | (iii) is notified by the government |
| (d) Trade Surplus | (iv) records changes in foreign investments |

23 Charity to foreign countries is included inaccount as a.....item. (Fill up the blank with correct answer)

24 A company located in India Receives a loan From a Company located abroad. How is this transaction recorded in India's Balance of Payments Account? (Choose the correct alternative)

- (a) Credit side of the current Account (b) Debit side of the current account (c) Credit side of the capital account
 (d) Debit side of the Capital Account

25 Software service expert is anitem.

26 What are Net Invisibles'?

27 When In order to buy 1 US dollar, Rs. 65 are needed instead of Rs. 60 earlier, the domestic currency now shows.....?

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

Column I

Column II

- | | |
|--------------------------------|-----------------------------------|
| (a) At the Break Even point | (i) Equals National Income |
| (b) If MPC is equal to one | (ii) Value of k is infinity |
| (c) Value of aggregate demand | (iii) Depends upon the investment |
| (d) Consumption in the economy | (iv) $C > Y$ |

29 if the value of export of goods of a country is Rs. 1000 crores and the value of imports of goods is Rs. 1200 crores, the trade balance will be equal to (Fill up the blank with correct answer)

30 Identify the correct sequence of alternative given in column II by matching them with respective terms in column I.

Column I

Column II

- | | |
|----------------------------|--|
| (a) Capital goods Industry | (i) the interest of the 'zamindars 'was only to collect rent |
| (b) Zamindari system | (ii) was very low- 44 years |
| (c) Demographic Transition | (iii) industry which can produce machine tools |
| (d) Life expectancy | (iv) after 1921, the second stage of transition began |

31 Identify the correct sequence of alternative given in column II by matching them with respective terms in column I.

Column I

Column II

- | | |
|---|---|
| (A) Capitalism | (i) the contribution made by each sector of the economy |
| (b) Planning commission | (ii) Benefited the big farmers |
| (c) Structural composition of the economy | (iii) Prime Minister is the chairperson |

(d) Subsidies (iv) Also called 'Market economy'

32 Identify the correct sequence of alternative given in column II by matching them with respective terms in column I.

Column I

Column II

- | | |
|--------------------------------------|---|
| (A) Commercialization of agriculture | (i) NI/Population |
| (b) Agricultural Stagnation | (ii) The Production of crops for the Market |
| (c) Per Capita Income | (iii) Number of years that a person can expect to live |
| (d) Life Expectancy | (iv) A period witnessed by no or slow rate of economic growth in the agricultural sector. |

33 India announced New Economic policy after agreeing to the conditions of: (choose the correct alternative)

- (a) World Bank (b) International Monetary Fund (c) Reserve Bank of India

34 Identify the correct sequence of alternative given in column II by matching them with respective terms in column I.

Column I

Column II

- | | |
|-----------------------------|---|
| (a) Fiscal policy | (i) to administer multilateral agreements |
| (b) Direct taxes | (ii) an important outcomes of globalization |
| (c) Outsourcing | (iii) Government's taxation and public expenditure policy |
| (d) GATT was formed in 1948 | (iv) taxes on incomes of individuals |

35 In a capitalist society, goods produced are distributed among people on the basis of..... power.

36 In a mixed economy, the government will providegoods and services.

37 Poor are the one who regularly move in and out of poverty, (Fill up the blank with correct answer)

38is a women- oriented community-based poverty reduction programme implemented in Kerala. (Fill up the blank with correct answer)

39 Define Head Count Ratio.

40 Small farmers are an example of: (choose the correct alternative)

- (a) Always poor (b) Chronic poor (c) Usually poor (d) Churning poor

41 Identify the correct sequence of alternative given in column II by matching them with respective terms in column I.

Column I

Column II

- | | |
|---|-------------------|
| A. India had about 473 Million strong work force | (i) 1972-2012 |
| B. People moved from self employment to casual wage work | (ii) Late 1970's |
| C. India Started paying attention to enterprise in the informal sector | (iii) late 1950's |
| D. A study showed about 1/3rd of agriculture workers in India as disguised unemployed | (iv) 2011-12 |

Choose the correct alternatives:

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

42 Identify the correct sequence of alternative given in column II by matching them with respective terms in column I.

Column I

Column II

- | | |
|--|------------------|
| (a) The transport sector was the largest consumer of commercial energy | (i) Census 2001 |
| (b) Only 56% of rural households have an electricity connection | (ii) 1972-73 |
| (c) Textile mills all over the country began to close down. | (iii) 1953-54 |
| (d) About 74% of workforce was engaged in the primary sector. | (iv) Early 1980s |

Choose the correct alternatives:

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

43 In India, in 2016 thermal sources of energy accounted for % of the power generation capacity. (Choose the correct alternatives)

(a) 57 (b) 67 (c) 70 (d) 74

44 India's one of the most industrialized region is..... valley.

45are the institutional sourced of agricultural credit. (Fill up the blank with correct answer)

46Making is an allied activity of the farming sector. (Fill up the blank with correct answer)

47 SHGs have helped in theof women. (Fill up the blank with correct answer)

48 Produce may have shorter shelf life.

49 is a vital public good and ahuman right.

50 Education does not comprise of.....(choose the correct alternative)

- (a) Confer higher earning capacity (b) Gives a better social standing (c) Making better choice in life
(d) Stimulates innovations

51 State whether the given statements is true or false:

"India's rank based on the Human Development Report 2016 is 131."

52 State whether the given statements is true or false:

" Chipko Movement aimed at protecting forests in the Himalayas."

53Capacity means the ability of the environment to absorb.....

54 As a result of..... the ozone layer , Moreradiation comes to Earth and causes damage to the living organisms.

55 State whether the following statement is true or false:

"Great leap forward campaign aimed at industrializing the country on a large scale."

56 Arrange the following event s of Pakistan in chronological order and choose the correct alternative:

- (i) Nationalisation of Capital goods
(ii) First five year Plan
(iii) Fertility Rate in Pakistan was 3.7
(iv)Agriculture grew at the rate of 4%

Choose the correct alternatives

- (a) (ii),(i),(iv),(iii) (b) (iv),(ii),(i),(iii) (c) (II), (iv), (i),(iii) (d) (iv), (i), (ii), (iii)

57 Which revolution was introduced by Mao in 1965?

58 Define Special Economic Zones (SEZs).

59 Arrange the following event s of Pakistan in chronological order and choose the correct alternative:

- (i) Special economic zones
(ii) Great Proletarian Cultural Revolution
(iii) Commune System
(iv)Establishment of people's Republic of China

Choose the correct alternatives

- (a) (ii),(iv),(iii),(i)(b) (iv),(iii),(ii),(i) (c) (II), (iv), (i),(iii) (d) (iv), (i), (ii), (iii)

60 Arrange the following event s of Pakistan in chronological order and choose the correct alternative:

- (i) Growth of GDP of India was 5.7%

- (ii) Agricultural output growth was 2.3%
- (iii) Life expectancy at birth was 68.3
- (iv) First five year plan

Choose the correct alternatives

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

Answer

1. (c)
2. TRUE
3. Statutory legal reserve
4. (a)
5. Currency held by public & net demand deposit by commercial Bank.
6. reverse repo
7. FALSE
8. Negative
9. intersects
10. one
11. (a)
12. TRUE
13. (c)
14. Non tax revenue
15. revenue
16. fiscal
17. flexible exchange rate
18. (b)
19. (b)
20. (a)
21. appreciated
22. (c)
23. current , debit
24. (c)
25. invisible
26. Net Invisibles are the difference between the value of export and value of imports of individuals of a country, in a given period of time.
27. Depreciation
28. (B)
29. (-) 200
30. (iii),(i),(iv),(ii)
31. (iv),(iii),(i),(ii)
32. (ii), (iv), (i), (iii)
33. (d)
34. (iii),(iv),(ii),(i)
35. purchasing
36. Essential
37. churning
38. kudumbashree
39. When the Number of poor is estimated as the proportion of people below the poverty line, it is known as 'Head count ratio'
40. (D)
41. (iv),(i),(ii),(iii)
42. (B)
43. (b)

44. damodar
45. cooperative credit societies and commercial banks
46. jaggery
47. empowerment
48. organic
49. Health, Basic
50. (c)
51. TRUE
52. TRUE
53. Absorptive, degradation
54. Depletion; ultraviolet
55. true
56. (a)(ii), (i), (iv), (iii)
57. In 1965, Mao introduced the "Great Proletarian Cultural Revolution".
58. Special Economic Zone (SEZs) refers to a geographical region that has economic laws different from a country's typical economic laws, with a goal to increase foreign investment.
59. B. (iv),(iii),(ii),(i)
60. (d) (iv), (i), (ii), (iii)

DAV PS Gevera
Question Bank
Class XII Subject: Economics

Section A

Multiple choice question:

Q.1. Which of the following is not a consequence of deficit demand?

- (a) Producer tends to build up unwanted inventory stock
- (b) Idle inventory stocks would force the producers to plan lesser production
- (c) Reduction in unemployment
- (d) Actual stock > Desired stock

Ans. (c)

Q.2. Zero primary deficit means:

- (a) No liabilities with government
- (b) The government has to resort to borrowing only to meet interest payments
- (c) No interest payments
- (d) No current liabilities

Ans. (b)

Q.3. Invisible items include

- (a) Banking
- (b) Agricultural output
- (c) Machinery
- (d) Handicraft industry

Ans. (a)

Q.4. When the central Bank acts as a banker to the government, what does it do?

- (a) It carries out government transactions
- (b) It advises on monetary and financial matters of the Government
- (c) It keeps accounts of the government
- (d) All of the above

Ans. (d)

Q.5. To soak the liquidity from the market, to control inflation:

- (a) Government securities should be purchased
- (b) Government securities should be sold
- (c) Repo rate should be decreased
- (d) Cash reserve ratio should be decreased

Ans. (b)

Q.6. Which of the following is the function of Central Bank?

- (a) Accepting deposits from the general public
- (b) Giving loans to general public
- (c) Banker's Bank
- (d) Credit Creation

Ans. (c)

Q.7. Bank rate is for:

- (a) Central bank by the central bank
- (b) Commercial bank by the government
- (c) Central Bank by commercial Bank
- (d) Commercial Bank by central bank

Ans. (d)

Q.8. Which of the following changes by the central bank can increase the money supply?

- (a) Increase in Repo Rate
- (b) Purchase of government securities in the open market
- (c) Increase in CRR
- (d) Sale of government securities in the open market

Ans. (c)

Q.9. During deflation, it is advisable to

- (a) Lower the bank rate and purchase of securities in the open market
- (b) Increase the bank rate and purchase of securities in the open market
- (c) Decrease in bank rate and sale of securities in the open market
- (d) Increase in bank rate and sale of securities in the open market

Ans. (a)

Q.10. All indirect taxes have been subsumed under:

- (a) State government tax
- (b) Central Government tax
- (c) Goods and service tax
- (d) Value added tax

Ans. (c)

Q.11. In consumption function $C = C + bY$, b represents

- (a) Autonomous consumption
- (b) Savings
- (c) MPC
- (d) MPS

Ans. (c)

Q.12. Which of the following statement is true about excess demand at corresponding full employment level:-

- (a) situation when $AS > AD$
- (b) situation when $AS < AD$
- (c) situation when $AD = AS$
- (d) AD is less than or equal to AS

Ans. (b)

Q.13. If $MPC = 0$, the value of multiplier is-

- (a) 0
- (b) 1
- (c) between 0 and 1
- (d) Infinity

Ans.(b)

Q.14. Occasional intervention by central bank to influence the exchange rate is known as:-

- (a) Managed floating
- (b) Hedging
- (c) Appreciation
- (d) Depreciation

Ans.(a)

Q.15. BoP deficit leads to:-

- (a) Decrease in official reserves
- (b) Increase in official reserves
- (c) No change in official reserves
- (d) Increase in BoT account

Ans. (a)

Q.16. The measurement of Balance of Payment deficit is based on:-

- (a) Autonomous Transactions
- (b) Accommodating Transactions
- (c) Current account Transactions
- (d) Capital account Transactions

Ans. (a)

Q.17. Due to depreciation of foreign currency, the supply of foreign currency in domestic economy will:-

- (a) Increase
- (b) Not change
- (c) Either increase or decrease
- (d) Decrease

Ans.(d)

State true or False with reasons:

Q.18. NNP_{mp} is equal to NNP_{fc} when Net Indirect Tax are Zero

Ans: True... $NNP_{mp} - NIT = NNP_{fc}$

Q.19. Increase in the prices of stock lying with a trader must be added to calculate National Income by Value added method.

Ans: False.....It does not contribute to the fresh flow of goods and services

Answer the following.

Q.20. Give two examples of flow variables.

Ans. Consumption and investment.

Q.21. The value of Marginal Propensity to Save (MPS) is zero. In this case, the value of Marginal Propensity to Consume (MPC) will be

Ans. 1

Q.22. What will be the value of multiplier if CRR is 10%.

Ans. 10 times..... $1/LRR = 1/10\% = 10$ times

Q.23. Total deposits created by commercial banks is Rs. 12,000 crore and LRR is 25%. Calculate the amount of initial deposits.

Ans. Rs. 3000 crore..... $1/25\% = 4$ times.... $12000/4 = 3000$

Q.24. Name the credit control method which refers to the difference between the amount of loan and market value of the securities offered by the borrower against the loan?

Ans. Margin requirement.

Section B

Multiple choice question:

Q.25. China initiated economic reforms in the year:

- (a) 1970
- (b) 1972
- (c) 1975
- (d) 1978

Ans. (d) 1978

Q.26. The most urgent problem which prompted introduction of new economic policy in 1991 was

- (a) Poor performance of public sector
- (b) High tax rate leading to tax evasion
- (c) Foreign exchange crisis
- (d) Lower private Sector Investment

Ans. (c)

Q.27. Which one comes under the category of indirect taxes

- (a) Wealth tax
- (b) House tax
- (c) Value added tax
- (d) Income tax

Ans. (c)

Q.28. Liberalisation leads to some limitations one of which is

- (a) Lesser participation of foreign investor
- (b) It neglects the social welfare
- (c) No improvement in productivity
- (d) Improvement in financial sector

Ans. (b)

Q.29. Which international organisation replaced general agreement on trade and tariff (GATT):

- (a) International Monetary Fund
- (b) United Nations
- (c) World Trade Organisation
- (d) World Health Organization

Ans. (c)

Q.30. Demonetisation aimed at:

- (a) Curb corruption
- (b) Digitalization
- (c) Curtail counterfeit currency
- (d) All of the above

Ans. (d)

Q.31. Mudra Bank was set up to meet the credit needs of the:

- (a) Farmers
- (b) Small Enterprises
- (c) Large Enterprises
- (d) Exporters

Ans. (b)

Q.32. Reforms in indirect taxes relate to

- (a) Financial sector reforms
- (b) Reforms in industrial sector
- (c) Agricultural sector reforms
- (d) External sector reforms

Ans. (a)

Q.33. The government has increased the rate of income tax. The objective of government is to:

- (a) Maintain balanced regional development
- (b) Redistribute income & wealth
- (c) Reallocate resource

d) Ensure economic stability

Ans. (b)

Q.34. The year 1921 is described as the “Year of Great Divide” because of

- (a) High birth rate and high death rate
- (b) High birth rate and low death rate
- (c) Low birth rate and high death rate
- (d) Low birth rate and low death rate

Ans. (b)

Q.35. Identify the economy in which means of production are used to promote social welfare:

- (a) Mixed economy
- (b) Capitalist economy
- (c) Socialist economy
- (d) Developed economy

Ans. (c)

Q.36. Which of the following is a wage employment programme?

- (a) Integrated rural development programme
- (b) National rural employment programme
- (c) Training for rural youth self employment programme
- (d) Swaran Jyanti Gram Swarozgar yojana

Ans(b)

Q.37. The concept of sustainable development is related to:

- (a) Rural development
- (b) Growth rate of GDP
- (c) Human development
- (d) Environment

Ans (d)

Q.38. _____ is an indicator which measures the number of people dying prematurely due to a particular disease.

- (a) Global burden of disease
- (b) Golden burden of disease
- (c) Global basket of depression
- (d) Global breakdown of disease

Ans(a)

Q39. Following is an advantage of sustainable economic development

- (a) Higher per capita income
- (b) Rapid industrialization
- (c) Beneficial to future generations
- (d) Agricultural development

Ans.(c)

Q.40.. The motive behind the introduction of land reforms in India was:

- (a) Self sufficiency in food grains
- (b) Industrial Development
- (c) Agricultural Development
- (d) Equity in Agriculture

Ans. (d)

Q.41. Natural rate of unemployment is consistent with the situation of–

- (a) Full employment
- (b) under employment
- (c) over employment

(d) structural unemployment

Ans.(a)

Q.42. Tariffs and quotas adopted under industrial policy was to-

- (a) Increase exports
- (b) Make exported goods cheaper
- (c) To increase foreign competition
- (d) To restrict import and protect domestic firms from foreign competition

Ans.(d).

Answer the following.

Q.43. Worker population ratio =

Ans. $\frac{\text{Total Number of workers}}{\text{Population}} \times 100$

Q.44. Give the full form of MGNREGA

Ans. Mahatma Gandhi National Rural Employment Guarantee Act.

Difference between:

Q. 45. Green revolution and Golden revolution

Ans. Green revolution is associated with cereals such as wheat, rice, pulses etc. While golden revolution is associated with fruits.

Q.46. Labour force and work force:

Ans. Labour force refers to the number of persons working or willing to work, whereas work force: refers to the number of persons actually working.

Give reasons.

Q.47. It is necessary to generate more employment in the formal sector.

Ans. Workers in informal sector are exploited.

Q.48. Cooperative marketing is beneficial for individual farmers.

Ans. It ensures a fair price for their crops by increasing their bargaining power.

Q.49. India and Pakistan introduced economic reforms.

Ans. Due to the pressure from World Bank and IMF.

Q.50. Why countries are forming Regional groups?

Ans. For mutual cooperation and overall development of the nations.

State True or false

Question 1. Import policy aimed at replacing and substituting imports with domestic production (T/F) T

Question 2. Marketed surplus is the amount of Agricultural production left after domestic consumption (T/F) F

Question 3. land ceiling and land reforms are the policies adopted under the first phase of Green Revolution (T/F) F

Question 4. The spread of Green revolution Technology enabled India to attain self sufficiency in food grains. Now India no longer had to be at the mercy of America or any other Nation formatting its food requirement (T/F) T

Question 5. Meaning of modernization is restricted to the use of new technology only (T/F) F

1. The main reason for stagnation in agricultural sector during British rule was
 - a) Land settlement system
 - b) De – industrialization
 - c) Lack of technology
 - d) Commercialization of agriculture

2. British rule introduced railway in India In the year
 - a) 1849
 - b) 1850
 - c) 1851
 - d) 1852

3. Decline of handicrafts industries led to
 - a) Massive unemployment
 - b) Import of finished goods
 - c) Both(a) and(b)
 - d) Neither(a) nor(b)

4. Which year is described as a “year of great divide .
 - a) 1931
 - b) 1921
 - c) 1941
 - d) 1911

5. ‘Abolition of intermediaries and land ceiling are a part of .
 - a) Industrial reforms in India
 - b) External sector reforms in India
 - c) Land reforms in India
 - d) Banking reforms in India

6. _____ refer to taxes levied on imported goods
 - a) Quotes
 - b) Tariffs
 - c) Lagaan
 - d) None of these

7. Which of the following is not a goal of five year plan ?
 - a) Growth
 - b) Equity
 - c) Land reforms
 - d) Modernization

8. Outsourcing is good for India because .
 - a) It provides employment to large number of unemployment
 - b) It provides excellence in a particular field
 - c) Both (a) and(b)
 - d) Neither(a) and(b)

9. _____ refer to disposal of equity of public sector units in the market .
 - a) Globalization
 - b) Privatization
 - c) Disinvestment
 - d) Liberalization

10. Which of the following industries are reserved for the public sector
 - a) Defense equipments
 - b) Atomic energy generation
 - c) Cement
 - d) Both(a) and(b)

11. Which one of the following is an indicator of human development.
 - a) Life Expectancy at birth
 - b) Maternal mortality rate

- c) Infant mortality rate
 - d) All of these
12. Great leap forward campaign was initiated in
- a) Pakistan
 - b) India
 - c) China
 - d) Both(a) and(b)
13. _____ takes place when the surface soil is washed away through excessive rains and floods
- a) Land degradation
 - b) Soil erosion
 - c) Biodiversity loss
 - d) Deforestation
14. Which of the following is an important function of environment?
- a) To provide resource for production
 - b) To provide aesthetic services
 - c) To assimilate waste
 - d) All of these
15. Which sector has the largest share in total consumption of commercial energy?
- a) Agricultural sector
 - b) Transport sector
 - c) Industrial sector
 - d) Household
16. Which of the following is not a non conventional source of energy
- a) Thermal power
 - b) Wind energy
 - c) Tidal power
 - d) Geo-Thermal energy
17. The ratio of labour force to total population is termed as
- a) Labour force participation rate
 - b) Work force
 - c) Both a) and b)
 - d) Neither (a) nor (b)
18. The major causes of unemployment in India can be classified as
- a) Under development
 - b) Rapid population growth
 - c) Defective planning
 - d) All of these
19. Why is minimum support price fixed by the government
- a) For government own benefit
 - b) To safe guard the interest of farmers
 - c) To safe guard the interest of consumers
 - d) None of these
20. _____ is the apex body which coordinates the functioning of different financial institutions Working for expansion of rural credit
- a) NABARD
 - b) Self help groups
 - c) Regional rural banks
 - d) Commercial banks
21. Stock variable is defined as a variable which is
- a) Measured over a period of a time
 - b) Measured at a particular period of time
 - c) Cannot be measured
 - d) None of these
22. Real flow refer to the flow of factor services from _____ to _____
- a) Firms to household

- b) House hold to firms
 - c) Firms to Government
 - d) Household to Government
23. Which of the following is an example of transfer income ?
- a) Bonus
 - b) Unemployment allowance
 - c) Compensation from the employer
 - d) All of the above
24. Which of the following is not a component of operating surplus?
- a) Interest
 - b) Rent
 - c) Royalty
 - d) Compensation of employees
25. Corporate tax is not a part of
- a) Personal income
 - b) National income
 - c) Domestic income
 - d) Private income
26. Break-even point is achieved when
- a) National income = consumption
 - b) Consumption = saving
 - c) Consumption = investment
 - d) National income > Consumption
27. _____ refers to actual saving in an economy during a year
- a) Ex-ante saving
 - b) APS
 - c) MPS
 - d) Ex-post saving
28. If Investment falls to zero , national income does not fall to zero because of
- a) Autonomous consumption
 - b) Induced investment
 - c) Autonomous investment
 - d) Multiplier
29. This function of central bank involves buying and selling of government securities from or to public and commercial bank
- a) Selective credit controls
 - b) Legal reserve requirement
 - c) Open market operation
 - d) None of these
30. What is the other name for “Money Multiplier”
- a) Credit multiplier
 - b) Deposit multiplier
 - c) Cash reserve ratio
 - d) None of these
31. The one rupee note and coins are issued by
- a) RBI
 - b) Commercial bank
 - c) Ministry of finance
 - d) Central government
32. If MPC is 0.6 the investment Multiplier will be
- a) 1.67
 - b) 2.5
 - c) 6
 - d) 4
33. When planned saving is less than planned Investment ,it indicates a situation when
- a) $AD < AS$

- b) $AD=AS$
 - c) $AD>AS$
 - d) None of these
34. Increase in cash reserve ratio will lead to
- a) Fall in aggregate demand
 - b) Rise in aggregate demand
 - c) No change in aggregate demand
 - d) None of these
35. "Change in government spending " is a part of
- a) Monetary policy
 - b) Fiscal policy
 - c) Either (a) or (b)
 - d) Neither (a) nor (b)
36. Devaluation of currency means
- a) Reduction in the value of domestic currency by the market forces
 - b) Reduction in the value of domestic currency by the market forces
 - c) Both (a) and (b)
 - d) Neither (a) nor (b)
37. Balance of payment is a _____ concept
- a) Stock
 - b) Flow
 - c) Both (a) and (b)
 - d) Neither (a) nor (b)
38. When receipts of foreign exchange are more than payments of foreign exchange BOP is
- a) Balanced
 - b) Surplus
 - c) Deficit
 - d) None of these
39. Flexible exchange rate system is also none as
- a) Pegged exchange rate system
 - b) Dirty floating
 - c) Floating exchange rate
 - d) Both (b)and (c)
40. Borrowings are equivalent to
- a) Revenue deficit
 - b) Primary deficit
 - c) Fiscal deficit
 - d) None of these

MARKING SCHEME

MULTIPLE CHOICE QUESTIONS

- 1. (a)
- 2. (b)
- 3. (b)
- 4. (c)
- 5. (b)
- 6. (c)
- 7. (b)
- 8. (c)
- 9. (c)
- 10. (c)
- 11. (d)
- 12. (d)
- 13. (c)
- 14. (b)

15. (d)
16. (c)
17. (a)
18. (a)
19. (d)
20. (b)
21. (a)
22. (b)
23. (b)
24. (b)
25. (d)
26. (b)
27. (a)
28. (d)
29. (a)
30. (c)
31. (b)
32. (c)
33. (b)
34. (c)
35. (a)
36. (b)
37. (b)
38. (b)
39. (c)
40. (c)

DAV PS, CHIRIMIRI

CLASS – XII ECONOMICS

PART -A MACRO ECONOMICS (Objective type questions for 1 mark)

1. If MPC is 0.8, the value, the value of multiplier is:-
a) 2 b) 3 c) 4 d) 5
2. In India coins are issued by :-
a) Reserve bank of India
b) Ministry of Finance
c) State bank of India
d) Ministry of Urban development
- 3 The ratio of total deposits that commercial bank has to keep with Reserve Bank of India is called:-
a) SLR b) Deposite ratio c) CRR d) LRR
4. The part of LRR kept by the bank themseleve is called:-
a) SLR b) Reserve Repo Rate c) CRR d) None of the above
5. Which bank is controller of credit:-
a) Axis Bank b) RBI c) ICICI Bank d) Punjab National Bank
6. Interest payment are subtract from which deficit to arrive at Primary deficit:-
a) Revenue deficit b) Capital receipts c) Fiscal deficit d) None
7. Which of the following statement is not True for Fiscal deficit?
a) Represent the borrowing of the government.
b) Is the difference between total expenditure and total receipts of the government.
c) Is the difference between total expenditure and total receipt other than the borrowing.

- d) Increase the future liability of the government.
8. At lower level of MPC, the value of multiplier is:-
a) High b) Low c) Does not change d) All of these.
9. Break-even point occurs when:-
a) $Y = S$ b) $S = O$ c) $Y = C$ d) both (b) and (c).
10. Which of the following institution create credit:-
a) Central Bank b) Commercial Bank c) Government of India.
11. Which of the following bank as a clearing house?
a) HDFC Bank b) SBI c) RBI
12. When income is Rs.500 cr. And consumption is Rs. Cr, 400, what would be APC?
a) 1.25 b) 0.8 c) 0.2
13. Marginal efficiency of capital means.....
a) Supply price b) Expected profit from capital c) Expected profit from investment.
14. Who brings devaluation of foreign exchange in the country:-
a) Government b) Demand and supply of foreign exchange c) World Bank.
15. Which of the following instrument deals with qualitative credit control ?
a) open market operation b) Moral suasion c) Bank rate d) None of these.
16. If the BOT shows a deficit of Rs.5000 cr. And the value of imports of goods is Rs. 9000cr. What will be the value of exports of goods?
a) -5000cr. b) 5000 cr. c) 4000 cr. d) -4000 cr.
17. A large Fiscal deficit implies:-
a) Very small amount of borrowings.
b) Large amount of borrowings.
c) No borrowings
d) None of these
18. Supply of money refers to quantity of money:-
a) As on 31st March
b) During any specified period of time
c) As on any point of time
d) Borrowing less Fiscal deficit
19. Which of the following is not a quantitative method of credit control?
a) Open market operation
b) Margin requirement
c) Variable reserve ratio
d) Bank rate policy
20. Primary deficit is equal to:-
a) Fiscal deficit less interest payments
b) Revenue deficit less borrowings
c) Borrowings less interest payments
d) Borrowing less fi—
21. The central bank can increase availability of credit by:-
a) Rising repo rate
b) Raising reverse repo rate
c) Buying government securities
d) Selling government securities
22. Direct tax is called direct because it is collected directly from:-
a) The producers on goods produced
b) The sellers on the goods
c) The buyers of goods
d) The income earners
23. If $MPC = 1$, the value of multiplier is :-
a) 0 b) 1 c) between 0 and 1 d) Infinity
24.(choose the correct alternative) is a revenue receipt of the government:-
a) Fund raised by the govt. by issuing National saving certificates.
b) Sale of 40% share of a public sector undertaking to a private enterprise.

- c) Profits of LIC a public enterprise.
d) Amount borrowed from Japan for construction of Bulet train.
25. Identify which of the following statement is true:-
a) Fiscal deficit is difference between planned revenue expenditure and planned revenue receipts.
b) Fiscal deficit is difference between total planned expenditure and total planned receipts
c) Primary deficit is the difference between total planned receipt and interest payment.
d) Fiscal deficit is the sum of primary deficit and interest payment.
26. Which of the following affect National income ?
a) Goods and services tax b) Corporation tax c) Subsidies d) None of the above
27. Which are among the following are final goods and which are intermediate goods:-
a) Milk purchased by a tea stall.
b) Bus purchased by a school.
c) Juice purchased by a students from school canteen.
28. Other things remaining the same, when in a country the market price of foreign currency falls, national income is likely,(choose the correct alternatives.)
a) To rise b) To fall c) To rise or to fall d) To remain unaffected.
29. Demand deposits include:-
a) Saving account deposits and fixed deposits
b) Saving account deposits and current account deposits
c) current account deposits and fixed deposits
30. If the marginal propensity to consume is greater than marginal propnrnsity to save, the value of the multiplier will be:-
a) less than 2 b) Greater than 2 c) equal to 2 d) equal to 5
31. Which is not a function of a central bank:-
a) Banker's supervisor b) Lender of the last resort c) Money creation d) Controller of the credit.
32. Capital receipt may come from:-
a) Market borrowing b) Provident fund c) Recoveries of loan d) All of these.
33. credit creation by commercial bank is deter Mined by:-
a) CRR b) SLR c) Initial deposits d) All of these.
34. Which of the following is not termed as Capital Expenditure?
a) Salary paid to army officers b) Loan given to Union territories
c) Expenditure on construction of hospital d) Repayment of loan for hospital.
35. Repayment of loan taken by Indian government from IMF to cover deficit of BOP will be recorded in:-
a) Current account on the debit side b) Current account on the credit side
c) Capital account on the debit side d) Capital account on the credit side.
36. Income of the family is the example of which variable?
a) Stock b) Flow c) Both stock and flow d) Neither stock nor flow.
37. In GNP calculation, which of the following should be excluded ?
a) Rental Income b) Interest payment c) Dividends d) Government transfer payments.
38. If primary deficit is zero, it shows:-
a) Fiscal deficit= Interest payments b) Fiscal deficit < Interest payments
c) Fiscal deficit > Interest payments d) None of these.
39. If MPC is 0.8, the value of multiplier is:-
a) 2 b) 3 c) 4 d) 5.
40. Find out the value of multiplier if MPC is:-
a)
41. Surplus budget is that budget where in :-
a) Estimated revenue is that govt.< Estimated expenditure of the govt.
b) Estimated revenue of the govt.> estimated expenditure of the govt.
c) Estimated revenue of the govt. = Estimated expenditure of the govt.
d) None of these.
44. Which of the following are capital receipts of the govt.:-

- a) Recovery of loans b) Borrowings c) Disinvestment d) All the above.
45. If MPC= 0.9, then value of multiplier will be:-
a) 6 b) 9 c) 10 d) 12
46. The ratio of total deposits that a commercial bank has to keep with RBI is called:-
a) SLR b) Deposits ratio c) CRR d) None of these.
47. Which of the following statement is true:-
a) Loans from IMF are a revenue receipts.
b) High revenue deficit necessarily leads to higher fiscal deficit.
c) Borrowing by a government a situation of fiscal deficit
d) Revenue deficit is the excess of capital receipts over the revenue receipt.
48. While financing a deficit, under which measures govt. can print more currency:-
a) Deficit financing b) Disinvestment c) By issuing bonds d) None of them.
49. The part of LRR kept by the bank themselves is called:-
a) SLR b) CRR c) Reverse Repo Rate d) None of these.
50. Pension payment is an example of capital expenditure:-
True/ False.
51. Which out of the following is a non-developmental expenditure:-
a) Scientific research b) Social welfare
c) Administration d) None of these.
52. Repayment of loan is an example of:-
a) Capital expenditure b) Revenue expenditure c) Revenue receipt d) None of these.
53. National income refer to:-
a) Factors income only b) Income of only normal residents of the country c) The sum total of domestic income and NFIA d) All of these.
54. At lower level of MPC, the value of multiplier is :-
a) high b) low c) does not change d) all of these.
55. Who brings devaluation of foreign exchange in the country:-
a) Government b) Demand and supply of foreign exchange
c) World bank d) None of these.
56. At the time of deficient demand following is done:-
a) CRR is increased b) Government bonds are sold c) SLR increased.
57. If cash reserve ratio is 10, credit multiplier would be:-
a) 5 b) 2 c) 10
58. When APS is -0.5, what would be APC.....?
a) 0.5 b) 1.5 c) -1.5
59. Receipt from visible trade was Rs. 160000cr. and payment on visible trade was Rs. 22,000 cr.
Deficit balance of trade would be:-
a) Rs. -6000 b) Rs6000 c) Rs.38000 cr.
60. From where consumption curve starts:-
a) From x- axis b) From y- axis c) -1.5
61. Which of the following is not included while calculating GDPmp?
a) PFCE b) GFCE c) Consumption of fixed capital d) Net exports.
62. Which of the following instrument deals with qualitative credit control ?
a) open market operation b) Moral suasion c) Bank rate d) None of these.
63. Pension payment is an example of:-
a) Plan expenditure b) Revenue expenditure c) capital expenditure d) None plan expenditure.
64. If the BOT shows a deficit of Rs.5000 cr. and the value of imports of goods is Rs.9000.
What will be the value of exports of goods?
a) 5000 cr. b) -5000 c) 4000cr. d) -4000 cr.
65. A large fiscal deficit implies:-
a) Very small of borrowing b) Large amount of borrowings
c) No borrowings c) None of these.
66. Supply of money refers to quantity of money:-
a) As on 31 March b) During any specified period of time
c) As any point of time d) During a fiscal year.

67. Which of the following is not a quantitative method of credit control?
 a) Open market operation b) Margin requirement
 c) Variable reserve ratio d) Bank rate policy.
68.(choose the correct alternative) is a revenue receipt of the government:-
 a) Fund raised by the government by issuing National saving certificate.
 b) Sale of 40% shares of a public sector undertaking to a private enterprise.
 c) Profits of LIC, a public enterprise.
 d) Amount borrowed from Japan for construction of bullet train.
69. Depreciation of fixed capital assets refers to:-
 a) Normal wear and tear b) Foreseen obsolescences
 c) Normal wear and tear and foreseen obsolescences
 d) Unforeseen obsolescence
70. Which of the following is a flow?
 a) Deposits in bank b) capital c) Depreciation d) Wealth.
71. Which of the following is a stock:-
 a) Savings b) Production c) Consumption of fixed capital d) Capital.
72. Foreign embassies in India are a part of India's :-
 a) Economic territory b) Geographical territory c) Both A and B d) None of these.
73. Goods purchased for the following purpose are final goods:-
 a) For satisfaction of wants b) For investment in firm c) Both A and B d) None of these.
74. Which of the following is not a flow?
 a) Capital b) Income c) Investment d) Depreciations.
75. Which of the following is a stock:-
 a) Wealth b) Savings c) Export d) Profit.
76. Demand deposit include:-
 a) Saving account deposit and fixed deposits. b) Saving account deposits and current account deposits c) Current account deposits and fixed deposits d) All types of deposits.
77. The value of multiplier is:-
 a) $1/MPC$ b) $1/MPS$ c) $1/1-MPS$ d) $1/MPC-1$.
78. If $MPC = 1$ the value of multiplier is :-
 a) 0 b) 1 c) Between 0 and 1 d) Infinity.
79. Aggregate demand can be increased by :-
 a) Increasing bank rate b) Selling securities by RBI
 c) Increasing cash reserve ratio d) None of the above.
80. If the MPC is greater than MPS, the value of the multiplier will be:-
 a) Greater than 2 b) Less than 2 c) Equal to 2 d) Equal to 1.
81. Borrowing in government budget is :-
 a) Revenue deficit b) Fiscal deficit c) Primary deficit d) Deficit in taxes.
82. The Non-tax revenue in the following is :-
 a) Export duty b) Import duty c) Dividends d) Excise duty.
83. Primary deficit in a government budget is:
 a) Revenue expenditure – Revenue Receipts
 b) Total expenditure – Total receipts
 c) Revenue deficit – Interest payments
 d) Fiscal deficit – Interest payments
84. Direct taxes is called direct taxes because it is collected directly from:-
 a) The producers on goods produced b) The sellers on good sold
 c) The buyers of goods d) The income earners
85. Which one of the following is a combination of direct taxes:-
 a) Excise duty and wealth tax b) Service tax and income tax
 c) Excise duty and service tax d) Wealth tax and income tax.
86. Which of the following statement is true?
 a) Fiscal deficit is the difference between Total expenditure and total receipt
 b) Primary deficit is the difference between Total receipt and Interest payments
 c) Fiscal deficit is the sum of primary deficit and interest payments.

87. Which of the following is not a revenue receipt?
 a) Recovery of loan b) Foreign grants c) Profits of public enterprises d) Wealth tax.
88. Which of the following is a correct measure of Primary deficit?
 a) Fiscal deficit – Revenue deficit b) Revenue deficit – Interest payments
 c) Fiscal deficit - Interest payments d) Capital expenditure – Revenue expenditure.
89. Fiscal deficit is equal to :-
 a) Interest payments b) Borrowings c) Interest payments less borrowing d) Borrowings and Interest payments both.
90. Which of the following is a source of Capital receipt?
 a) Foreign donation b) Dividends c) Disinvestment d) Indirect taxes.
91. Which one of the following is an Indirect taxes?
 a) Profit taxes b) Wealth taxes c) Custom duty d) Gifts tax.
92. Other things remaining unchanged when in a country the price of foreign currency rises, National income is :-
 a) Likely to rise b) Likely to fall c) Not affected d) Both fall.
93. Other things remaining the same, when in a country the market price of foreign currency falls, National income is likely:-
 a) To rise b) To fall c) To rise or to fall d) To remain unaffected.
94. If MPC =1, the value of multiplier is :-
 a) 0 b) 1 c) between 0 and 1 d) Infinity.
95. EX-post investment refers to :-
 a) Actual investment during the period of one year
 b) Desired investment during the period of one year
 c) Planned investment during the period of one year
 d) None of these.
96. Money is :-
 a) Anything which requires double coincidence of wants
 b) Anything which is commonly accepted as a medium of exchange
 c) Anything which is commonly accepted as commodity
 d) None of these.
97. Money which is accepted as a medium of exchange because of the trust between the payer and the payee is called:-
 a) Full bodied money b) Credit money c) Fiat money d) Fiduciary money.
98. Money that is issued by the authority of the govt. is called:-
 a) Full bodied money b) Credit money c) Fiat money d) Fiduciary money.
99. Money value is equal to commodity value in case of :-
 a) Fiat money b) Full bodied money c) Fiduciary money d) Credit money.
100. Electronic transfer of money in terms of credit/debit entries of the account holder in the bank is called-
 a) e- marketing b) e- business c) e- money d) e- banking.

PART- B INDIAN ECONOMIC DEVELOPMENT

- What was the main feature of Indian economy on the eve of independence?
 a) Under development b) Stagnant c) Semi-feudal d) All of these.
- In 1948, the proportion of population was engaged in primary sector was:-
 a) 60% b) 65% c) 70% d) 85%
- During colonial period, India's demography profile showed –
 a) High birth rate b) High death rate c) High infant mortality d) All of these.
- Less than 20% population was literate in 1948-
 Choose correct option (True / False)
- What is life expectancy ?
- In which year was India's First Five Year plan launched?
 a) 1951 b) 1948 c) 1940 d) 1935
- Which of the following objectives is not a general objective of five year plans in India?
 a) Increase in national income b) Increase in standard of living
 b) Economic stability d) Improvement in the quality of education.
- Find the correct statement:-
 a) In India, while the percentage of total population below poverty line has tended to rise, the total number of the absolutely-poor has tended of decline.

- b) Mixed economy is the basic framework of planning in India.
9. Irrigation facilities are available on-----per-cent of net agricultural area.
a) 30 b) 45 c) 50 d) 60
10. Green Revolution started happening in India in the year-----
a) 1961-62 b) 1967-68 c) 1980-81 d) 1991-92.
11. State whether the following statement is True or False:-
During the recent years , the contribution of agriculture in India's foreign trade has been about 20 percent
12. What is meant by price support policy?
13. Public sector enterprises are driven largely by consideration of –
a) Profit b) social welfare c) either (a) or (b) d) none of these.
14. Small scale industries are-
a) Labour intensive b) Capital intensive c) substitute of large industries d) none of these.
15. The contribution of industry in India's GDP is about-----
a) 17% b) 26% c) 31% d) 40%
16. Which of the following items was not exported prior to independence?
a) Cotton textiles b) Tea c) Jute d) Engineering goods.
17. A strategy to earn foreign exchange by promotion domestic exports and making domestic industry competitive in the international market-
a) Composition of trade b) Outward looking strategy c) Import substitute strategy
c) None of these.
18. Define latent resources.
19. Which act has been enacted in place of MRTP act?
a) Competition act b) monopoly act c) Licensing act d) Foreign exchange act.
20. Disinvestment policy is an important part of the new economic policy in India.(True / False) choose the correct option.
21. Which of the following is prominent in the Indian economy?
a) Relative poverty b) Absolute poverty c) both (a) and (b) d) None of these.
22. Swarna Jayanti Shahari Rojgar Yojana was started in-
a) 1997 b) 2000 c) 1990 d) 2001.
23. Those people who are moving in and out of poverty are called-
a) Chronic poor b) Transient poor c) non-poor d) None of these.
24. As per census 2011 literacy rate in India is about-
a) 74% b) 56% c) 65 % d) 60%.
25. The stock of 'skill and expertise ' of a nation at a point of time is known in-
a) Social infrastructure b) Human capital formation c) Physical capital d) None of these.
26. Presently the number of central schools is about:-
a) 800 b) 1100 c) 900 d) 1300.
27. Elementary education covers both primary and middle education. (True / False).
28. Which of the following is problem of human capital formation in India?
a) Brain-drain b) Low academic standards c) Rising population d) All of these.
29. What is on the Job training ?
30. Which of the following is a non-institutional source of rural credit?
a) Cooperative societies b) Commercial banks c) Money lenders d) RRBs.
31. Regulated markets were first established in-
a) Hyderabad c) Bangalore d) Delhi d) Chandigarh.
32. SHG means:-
a) Small help group b) Self help Group c) Both (a) and (b) d) None of these.
33. NABARD was established in 1982. (True / False)
34. Number of persons unemployment = Labour force – (-----) complete it.
a) Supply of labour b) Workforce c) Total population d. Participation rate.
35. Which type of unemployment is found in agricultural sector?
a) Disguised unemployment b) Structural unemployment c) Industrial unemployment
d) Educated unemployment.
36. An increase in real income along with an increase in economic welfare is called:
a) Economic growth b) economic development c) Sustainable development d) None of these.
37. Which of the following is a reason of noise pollution?

- a) Air b) Land c) Weather d) Emission of gases.
38. When was the Environment (protection) Act passed?
a) 1984 b) 1986 c) 1988 d) 1990
39. Non-renewable resources are those resources which:-
a) are exhausted after use b) are not exhausted after use c) have unlimited supply d) None of these.
40. Give two example of biotic component of environment.
41. In China the great leap Forward campaign was launched in-
a) 1940 b) 1950 c) 1960 d) 1970.
42. The great leap forward campaign focussed on-
a) Widespread industrialization b) New agricultural strategy c) Privatisation d) Economic reforms.
43. In terms of the sectoral contribution to GDP, economies of India and Pakistan are now relying more on:
a) Primary sector b) Secondary sector c) Tertiary sector d) None of these.
44. Which of the following countries has adopted one child policy?
a) India b) China c) Pakistan d) None of these.
45. Growth rate of population is highest in which of the following countries-
a) India b) Pakistan c) China d) None of these.
46. Which of the following countries has the lowest density of population ?
a) India b) China c) Pakistan d) None of these.
47. Which of the following countries has the least urbanised population?
a) India b) Pakistan c) China d) None of these.
48. After Independence , China decided to bring all critical areas of production – activity under government control. (True / False).
49. What is Commune System of Collective farming?
50. In which sector of the economy, has China surpassed both India and Pakistan?

DAV PS BHATGAON

1 Mark Question (Question Bank)

Class XII

Economics

1. Define economic agents.
2. Goods that are used-up in a single act of consumption are called:
a) Durable consumer goods.
b) Semi-durable consumer goods.
c) Non-durable consumer goods.
d) Non-material goods.
3. _____ lead to unexpected obsolescence. (Natural calamity / change in demand)
4. Quantity measured at a particular point of time is called:
a) Flow variable b) Stock variable c) fixed inventory d) None of these
5. Factor incomes are :
a) earned incomes b) unearned incomes c) both a & b d) Neither a nor b
6. _____ lower the market price of the goods. (Indirect taxes/Subsidies)
7. Operating surplus +
a) Compensation of employees + Rent + Interest + Profit
b) Rent + interest + profit
c) Compensation of employees + Rent
d) Interest + Profit
8. Define Real GDP.
9. What is reverse repo rate?

10. What do you mean by open market operation?
11. Consumption depends on :
 - a) Income
 - b) Saving
 - c) Investment
 - d) None of these
12. Define autonomous consumption.
13. Define marginal propensity to save.
14. When the planned flow of goods and services in the economy is less than their planned demand:
 - a) $AD = AS$
 - b) $AS > AD$
 - c) $AS < AD$
 - d) None of these
15. Keynes assumes that aggregate supply is _____ (Perfectly elastic / perfectly inelastic)
16. What is natural rate of unemployment?
17. What is meant by deficit budget?
18. _____ cause reduction in assets of the govt. (Revenue/capital)
19. Primary deficit =
 - a) Revenue deficit - Interest payment
 - b) Revenue deficit + interest payment
 - c) Fiscal deficit - Interest payment
 - d) Fiscal deficit + Interest payment
20. What is meant by currency depreciation?
21. What is meant by foreign exchange rate?
22. Define devaluation?
23. Export and import of capital goods between the countries is recorded in the :
 - a) Balance of trade account BOP.
 - b) Capital account BOP
 - c) Either a) or b)
 - d) Neither a) nor b)
24. Define accommodating items of BOP.
25. Define autonomous items of BOP.

Part - B

26. In which year was planning commission abolished?
27. Define directive planning.
28. What is subsistence farming?
29. Define ceiling on land holdings.
30. Define the policy of import substitution.
31. _____ Industry was called 'sunrise industry'.
32. Liberalisation implies:
 - a) Reduction in govt's control over economy
 - b) Encouragement to public sector
 - c) Nationalization
 - d) None of these
33. What do you mean by globalization?
34. What is disinvestment?
35. What is outsourcing?
36. What is meant by FDI?

37. What is meant by poverty line?
38. Define jobless growth.
39. What is distress sale?
40. What is organic farming?
41. What is meant by informalisation of work force?
42. What is meant by casualisation of work force?
43. What is sustainable development?
44. What are tertiary healthcare institutions in India?
45. What is medical tourism?
46. What is commune system of farming?
47. The Great Leap Forward campaign was launched in _____ (China/Pakistan)
48. What is meant by human development?
49. What do you mean by demographic profit?
50. What are micro credit programmes?

DAV PS, BISHRAMPUR

DAV PUBLIC SCHOOL QUESTIONS BANK ACCORDING TO CBSE SYLLABUS 2019-2020.

SUBJECT: ECONOMICS

CLASS: XII

MULTIPLE CHOICE QUESTIONS and SHORT QUESTIONS

Instructions:-

All questions in both sections are compulsory. However, there is internal choice in some questions.

Marks for questions are indicated against each question.

All questions are both one mark and three marks short question.

PART-'A' (MACROECONOMICS)

- 1) $APC + APS =$
 (A) 0 (B) 1 (C) >1 (D) <1 (1)
- 2) If MPC is 0.25 then MPS will be
 (A) 0.75 (B) 0.25 (C) 1.25 (D) 0 (1)
- 3) Different between M3 and M1 is :
 (A) saving deposit (B) Time deposit (C) current deposit (D) all of these (1)
- 4) What is the relationship between marginal propensity to consume and marginal propensity to save?
 (1)
- (5) NDP at fc is less than NNP at fc when
 (A) NFIA is positive (C) NFIA is zero
 (B) NFIA is negative (D) Net exports are positive (1)
- 6) Which of these is a limitation in the measurement of social welfare using GDP a constant prices as an index?
 (A) Increase in population tax (B) change in working conditions
 (C) Composition of production (D) All of these (1)
- 7) Depreciation means
 (A) Damages due to floods (B) damages due to market crash
 (C) Normal wear and tear (D) none of these (1)
- 8) Real flow refers to the flow of factor services from
 (A) Firm to household (b) Household to firm
 (C) Firm to government (D) Household to government (1)
- 9) Primary deficit is (1)
 (A) Fiscal deficit minus Net interest payments
 (B) The different between fiscal deficit and revenue deficit
 (C) The borrowing requirements of the government

(D) When government's own revenue is insufficient to meet its current revenue expenditure

10) Non- tax receipt is

- (A) Gift tax (B) interest receipts from the loans given by the government
(C) Excise duty (D) sales tax (1)

11) Disinvestment by government means:

- (A) Selling of its fixed capital assets (B) selling of shares of public enterprise held by it
(C) Selling of its buildings (D) all of the above (1)

12) What is the relationship between foreign exchange rate and demand for exchange?

- (A) Equilibrium rate of exchange (B) unequal rate of exchange
(C) equal rate of exchange (D) all of these (1)

13) State two important functions of foreign exchange market. (1)

True or False

14) Devaluation and depreciation of currency are one and the same thing. (1)

15) Fixed exchange rate is determined by the government. (1)

16) Autonomous items are also known as "above the line". Items (1)

17) Money supply is a stock concept (1)

18) $S = -20 + 0.4Y$ and $C = 20 + 0.6Y$ will yield the same investment multiplier. (1)

19) Full employment implies absence of involuntary unemployment. (1)

20) Chocolate is always a consumer good. (1)

3 Marks questions:

21) Distinguish between stock and flow.

Or

Distinguish between stocks and flows. Give two examples of each (3)

22) What is expected obsolescence? How is it different from capital loss? (3)

23) What do you mean by resident of a country? What is the difference between the resident of a country and the citizen of a country? (3)

24) What is the problem of double counting? State which method is used to avoid this problem of double counting in the estimation of national income. (3)

25) Define consumption function. With the help of a consumption schedule or curve, bring out the meaning of break-even point.

Or

Explain the meaning of break-even point with the help of an example. (3)

PART 'B' (INDIAN ECONOMIC DEVELOPMENT)

26) Identify the correct sequence of alternatives given in column II by matching them with respective terms in column I (1)

Column I	column II
A. Study group formed by planning Commission for poverty	i. 2005
B. 'Task Force on projections of the Minimum Needs and Effective Consumption Demand'	ii. 1962
C. Mahatma Gandhi National Rural Employment Guarantee Act	iii. 2014
D. Jan Dhan Yojana	iv. 1979

Choose the correct alternative:

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

27) Solar energy can be converted into electricity with the help of (Photovoltaic cell/lithium cells). (1)

28) Arrange the following events of China in chronological order and choose the correct alternative:

(1)

- i. Great Proletarian Cultural Revolution
- ii. Great Leap Forward Campaign
- iii. Introduction of Economic Reforms
- iv. First Five year plan

Choose the correct alternative

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

- 29) Introduction of Economic Reform in Pakistan took place in (1)
 a) 1978 b) 1980 c) 1988 d) 1991
- 30) Name any two taxes which were subsumed in Goods and Services Taxes (GST) (1)
- 31) When did China announce its first five-year plan? (1)
 a) 1951 b) 1956 c) 1953 d) 1961
- 32) Most of the disguised unemployment persons in India are found in (1)
 a) Agriculture b) Industry c) Trade d) Transport
- 33) Which of the following is not an employment generation programme? (1)
 a) Rural Employment Generation Programme (REGP)
 b) Pradhan mantra Rozgar Yojana (PMRY)
 c) National Food for Work Programme (NFWP)
 d) Valmiki Ambedkar Awas Yojana
- 34) The percentage of people living below the poverty line in 2011-12. (1)
 a) 21.9 b) 54.9 c) 33.8 d) 42
- 35) The poverty ratio is the lowest in (1)
 a) Himachal Pradesh b) Kerela c) Punjab d) Gujrat
- 36) There exists a direct relationship between ----- and poverty. (1)
- 37) How much educational cess has been imposed by the government on all Union taxes? (1)
 a) 1% b) 2% c) 4% d) 5%
- 38) What is meant by physical capital? (1)
- 39) The scheme of microfinance is extended through _____ (1)
 a) Self-Help Group b) Land Development Banks
 c) Regional Rural Banks d) NABARD
- 40) What is morbidity? (1)
 a) Proneness to fall ill b) High infant mortality rate
 c) High maternal mortality rate d) Low life expectancy
- 41) Regional and global grouping are formed to protest against free flow of goods and services between nations. (True/False) (1)
- 42) When was the national bank for agriculture and rural development (NABARD) set up? (1)
 a) 1962 b) 1972 c) 1982 d) 1992
- 43) What is the name for the vegetable and fruit market in Andhra Pradesh? (1)
 a) Apni Mandi b) Hadaspar Mandi
 c) Rythu Bazars d) uzhavar sandies
- 44) Give the meaning of following terms: (3)
a) Life expectancy b) Birth rate c) Death rate d) Infant mortality rate
- 45) Is outsourcing good for India? Give reason(s). (3)

ANSWER OF MCQ: PART 'A' (MACROECONOMICS)

1.B 2.A 3.B 4.* 5.A 6.D 7.C 8.B 9.A 10.B 11.B 12.A 13.* 14. FALSE 15. TRUE 16. TRUE 17.TRUE 18. TRUE 19.TRUE 20. FALSE 21.

PART 'B' (INDIAN ECONOMIC DEVELOPMENT)

26.D 27.Lithium cells 28.* 29.C 30.corporation tax and value added tax 31.C 32.A 33.D 34.A 35.B 36.Unemployment 37.B 38.* 39.A 40. A 41.FALSE 42.C 43.C 44.* 45.*

Macroeconomics (Very Short Answer Type Questions)

CLASS - XII

Q1. Loss of value of fixed asset owing to unexpected obsolescence is called:

- a) Capital formation
- b) Unexpected loss
- c) Capital loss
- d) Depreciation

Q2. Exchange rate is the price of a currency expressed in terms of:

- a) Gold
- b) Another currency
- c) Metal
- d) None of these

Q3. Define GNP at factor cost.

Q4. SLR refers to:

- a) Cash reserve with the bank
- b) Gold reserve with the bank
- c) Reserves of unencumbered securities
- d) All of these

Q5. Moral suasion by the RBI relates to:

- a) Pressure by the RBI to follow its directives.
- b) Persuasion by the RBI to follow its directives.
- c) Persuasion as well as pressure by the RBI to follow its directives
- d) None of these

Q6. Aggregate demand falls owing to:

- a) Increase in exports
- b) Increase in imports
- c) Increase in consumption expenditure
- d) Both (a) and (c)

Q7. Laws & order and defence of the country are the examples of:

- a) Private goods
- b) Economic goods
- c) Public goods
- d) non-economic goods

Q8. A Strategy of growth that favours domestic production of goods which are imported from rest of the world is called:

- a) Import substitution
- b) Export promotion
- c) Balanced growth
- d) Balance of trade

Q9. If the value of multiplier is 4. What will be the value of MPC and MPS ?

Q10. Disequilibrium in balance of payments leads to:

- a) Increase in official reserves with RBI
- b) Decrease in official reserves with RBI
- c) Both (a) and (b)
- d) None of these

Q11. The rate which is determined by the government is known as:

- a) Flexible exchange rate
- b) Floating exchange rate
- c) Fixed exchange rate
- d) none of these

Q12. Define surplus budget.

Q13. What is full employment equilibrium?

Q14. Full bodied money is that money whose money value and commodity value are:

- a) Equal in the market
- b) Different in the market
- c) Declared as equal by the government
- d) Declared as equal by the RBI

Q15. Write the formula of GDP Deflator.

Q16. Give two examples of macroeconomics studies.

- a) Study of price behavior in India, And
- b) Study of unemployment in India.

Q17. MPC is zero when:

- a) $\Delta C < \Delta Y$
- c) $\Delta S < \Delta Y$

- b) $\Delta S = \Delta Y$ d) none of these.
- Q18. Example of a non-debt creating capital receipt
- a) Borrowings c) Budgetary receipts
b) Extension of borrowings d) none of these.
- Q19. Economic transactions in BOP are
- a) Visible items c) Capital transfers
b) Invisible items d) all of these.
- Q20. What is M3 Measures of money supply ?
- Q21. What are the Component of GDCF?
- Q22. Salary paid to workers is an example of
- a) Transfer payment c) Factor payment
b) Government revenue d) None of these
- Q23. GST was introduced in Indian economy in:
- a) 2008 c) 2015
b) 2010 d) 2017
- Q24. The sector which owns factor services:
- a) Producer c) Government
b) Household d) none of these
- Q25. Keynesian school of thought advocates possibility of :
- a) $AD=AS$ c) $AD<AS$
b) $AD>AS$ d) all of them

Indian Economic Development(Very short answer type questions)

- Q26. What is the term that describes the status of industrial sector during the British rule?
- Q27. Suez canal was opened in:
- (a)1867 (b)1868
(c)1869 (d)1870
- Q28. What is meant by directive planning?
- Q29. Define Marketable surplus.
- Q30. Strategy of growth between the period 1951-90 focused on:
- (a) import substitution
(b) export substitution
(c) leading role of public sector enterprises
(d) both (a) and (c)
- Q31. Define the concept of fallowing in agriculture.
- Q32. Which of the following statements is incorrect?
- (a) Industry is the epicentre of growth
(b) Industry is an important source of employment
(c) Industry imparts dynamism to the process of growth
(d) Income elasticity of demand is higher in case of agricultural goods than the industrial goods
- Q33. What is meant by commanding heights?
- Q34. Types of goods and services we export and import is called:
- (a) composition of trade (b) direction of trade
(c) balance of trade (d) none of these
- Q35. What do you mean by gains of trade?
- Q36. National Rural Livelihood Mission is also called _____.
- Q37. How is rural employment classified in India?
- Q38. Unemployment arising from economic fluctuations is called:
- (a) frictional unemployment (c) cyclical unemployment
(b) disguised unemployment (d) urban unemployment
- Q39. What is Commune System of farming?
- Q40. Zamindari system implemented by the _____ was the major land settlement.
- Q41. When was the first postage stamp released in india?

- (a)1830 (c)1847
 (b)1840 (d)1852
- Q42. WTO has been established in _____.
 (a)1960 (c)1963
 (b)1992 (d)1995
- Q43. What is bilateral trade?
- Q44. Approach followed by the government to reduce poverty in India:
 (a) growth oriented
 (b) specific poverty alleviation programmes
 (c) meeting the minimum needs of the poor
 (d) all of these
- Q45. NABARD is _____ source of rural credit.
 (a) Institutional (c) Cooperative society
 (b) Non-Institutional (d) Regional
- Q46. The period between _____ is known as golden revolution period.
 (a) 1991-2001 (c)1990-2003
 (b) 1991-2003 (d)None of these
- Q47. Electricity, gas and water supply belong to _____ sector.
 (a)Primary sector. (c)Tertiary sector
 (b)Secondary sector (d) All of these
- Q48. The newly emerging jobs are found mostly in _____ sector.
 (a) Manufacturing (c) service
 (b) Primary (d) None of these
- Q49. Who are workers?
- Q50. What is Global Burden of Diseases (GBD)?

Monnet -Raigarh

QUESTION BANK

ECO

CLASS-XII

(Macro Economics)

(Fill up the blank with correct answer)

1. Macroeconomics theory is also known as the theory of _____.
2. Income received without providing any good or service is called _____.
3. _____ is the interest rate at which the commercial bank deposits their funds with the central bank.
4. When the consumption expenditure is more than the income, the value of APC is _____.
5. Primary deficit is equal to _____ less interest payment.

(Fill in the blanks with correct alternatives)

6. Identify the stock variable.
 a) wealth b) Income c) Saving d) Capital Formation
7. Number of times the total deposit would be of the initial deposit is determined by
 a) CRR B) LRR C) SLR D) Bank Rate
8. Out of the following which value can be greater than one.
 a) APC b) MPC c) APS d) MPS
9. Which of the following is a non-developmental expenditure.
 a) scientific research b) social welfare c) administration d) none of these
10. Balance of trade refers to balance of exports and imports of
 a) visible item b) invisible item c) both d) none of these

(True or False)

11. Commercial Banks are principal suppliers of money in India.
12. Consumption depends on investment in the economy.
13. Recovery of loan is a revenue expenditure.

14. Current account is a part of balance of trade.
 15. Budget shows monetary policy of the Government.

16. **(Choose the Correct pair of statement from Column I and column II)**

Column I	Column II
a) Average Propensity to consume	i) Ratio of change of saving to change in total income
b) Marginal Propensity to Save	ii) Ratio of consumption expenditure to the corresponding level of income
c) Marginal Propensity to Consume	iii) Ratio of saving to the corresponding level of income
d) Average Propensity to Save	iv) Ratio of change in consumption expenditure to change in total income

17.

Column I	Column II
a) Revenue Receipt	i) Expenditure on construction on railway
b) Capital Receipt	ii) Loan recovered from public sector enterprise
c) Capital Expenditure	iii) Profit of LIC, a public enterprise
d) Revenue Expenditure	iv) Repayment of loan taken from world Bank

18.

Column I	Column II
a) Bank Rate	i) Buying and selling of Government securities by the Reserve Bank
b) Open Market Operation	ii) Difference between the amount of loan and the market value of the security offered
c) Reverse Repo Rate	iii) Central Bank borrows money from commercial banks
d) Margin Requirement	iv) Central Bank lends money to commercial banks

(Very short Answer)

19. When will NDP exceed NNP ?
 20. What is bank money ?
 21. What are the limiting values of MPC ?
 22. State the categories of GST ?
 23. Name the two sub – accounts (or parts) of BOP accounts ?

**(Indian Economic Development)
 (Fill in the blanks with Answer)**

24. _____ industries were adversely affected due to partition.
 25. _____ refers to utilization of country's resources in order to promote economic growth.
 26. The Reserve Bank of India was set up in _____.
 27. _____ refers to an arrangement by which central problems of an economy are solved.
 28. _____ implies the development of abilities and skill among population of the country.
 29. Micro finance is the credit scheme extended to the poor through _____.

(Fill in the blanks with correct alternatives)

30. Workers who are permanent pay-roll of their employee are called
 a) Self –Employed workers b) Casual workers c) Regular Worker d) None of these
 31. Which source of power accounted only 2%?
 a) Hydel Power b) Wind Power c) Nuclear Power d) Tidal Power
 32. In 1977, a UN conference on climate change was held in
 a) Japan b) India c) Germany d) China
 33. A program named _____ campaign was initiated in 1958 in China.
 34. In order to attract foreign investors _____ were set up.

(True or False)

- 35. Wage employment means an arrangement in which a worker sells his labour and earns wages in return.
- 36. Health status of a country can be assessed through different indicators.
- 37. Trade of two goods is called bilateral trade.
- 38. Relative poverty refers to total number of people living below poverty line.
- 39. Expenditure on education is a source of human capital formation.

(Very Short Answer)

- 40. What is distress sale?
- 41. What is meant by jobless growth?
- 42. What do you mean by 'Distribution Loss of Power'?
- 43. What is absorptive capacity of the environment?
- 44. What is import licencing?
- 45. What are small scale industries?
- 46. What is occupational structure?

(Answer Key)

- 1. Income and Employment
- 2. Transfer income
- 3. Reverse Repo Rate
- 4. Negative
- 5. Fiscal Deficit
- 6. Wealth
- 7. LRR
- 8. APC
- 9. Administration
- 10. Visible Item
- 11. False: RBI
- 12. False: consumption depends on income in the economy
- 13. False: Recovery of loan is a capital receipt because it leads to reduction of assets.
- 14. False: BOT is a part of current account.
- 15. False: A budget shows fiscal policy or budgetary policy of the Govt.
- 16. a -ii, b -I, c -iv, d -iii
- 17. a -iii, b -ii, c -iv, d -i
- 18. a -iv, b -I, c -iii, d -ii
- 19. NDP will exceed NNP when net factor income from abroad is negative.
- 20. Demand deposits created by commercial banks are called Bank money.
- 21. The value of MPC can not be greater than one. The value can vary from 0 to 1.
- 22. SGST AND CGST
- 23. Two sub accounts of BOP are current account and capital account.
- 24. Jute and textiles.
- 25. Self-reliance
- 26. 1935
- 27. Economic system
- 28. Human Capital Formation
- 29. Self Help Group
- 30. c) Regular worker
- 31. c) Nuclear power
- 32. a) Japan
- 33. The Great Leap Forward
- 34. Special Economic Zones
- 35. True: Wage employment is that which a worker sells his labour and earns wages in return.
- 36. True: Health status of a country can be assessed through indicators such as infant mortality rate, maternal mortality rate, life expectancy etc.
- 37. False: It is a trade agreement between two countries not two goods.
- 38. False: It is absolute poverty.

39. True: Because it increases the ability, skill and knowledge of human beings.

40. Distress sale refers to sale in which farmers are forced to sell their surplus produce to money lender or trader at a lower price.

41. Jobless growth refers to a situation in which economy is able to produce more goods and services without proportionate increase in employment opportunities.

42. Distribution loss of power refers to the losses which occur at the time of distribution of power due to theft.

43. Absorption capacity of the environment means the ability of the environment to absorb degradation.

44. It is a permission that is required from the government to import goods into the country.

45. Small scale industries are those in which investment limit is rupees 5 crores.

46. It refers to the distribution of working population according to different sectors of the economy like primary, secondary, tertiary etc.