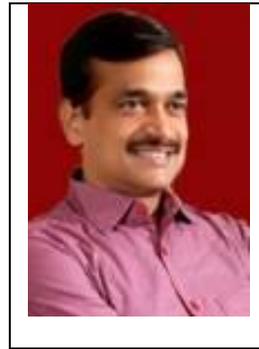


# KENDRIYA VIDYALAYA SANGATHAN REGIONAL OFFICE, JABALPUR REGION



## Question Bank For Class XII- Economics 2020-2021

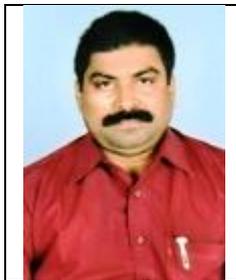
An Initiative of: Shri Tajuddin Shaik  
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**KENDRIYA VIDYALAYA  
SANGATHAN  
JABALPUR REGION**

**QUESTION BANK  
XII  
ECONOMICS  
SESSION: 2020-21**

**PREPARED BY: - ALOK KR SINGH  
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K.V. COD JABALPUR**

**Class- XII, Sub-Economics (2020-21)**

| <b>S.No.</b>                                | <b>UNIT</b>   | <b>Period</b> | <b>Marks</b>             |
|---|---|---------------|--------------------------|
| <b>Part A : Macro Economic Theory</b>       |   |               |                          |
| 1   | National Income and Related Aggregates                            | 28            | 10                       |
| 2   | Money and Banking   | 15            | 6                        |
| 3   | Determination of Income and Employment                            | 27            | 12                       |
| 4   | Government Budget and the Economy                                 | 15            | 6                        |
| 5   | Balance of Payments   | 15            | 6                        |
| <b>Part B : Indian Economic Development</b> |   |               |                          |
| 6   | Development Experience (1947-90) and Economic Reforms. since 1991 | 28            | 12                       |
| 7   | Current Challenges facing Indian Economy                          | 60            | 22                       |
| 8   | Development Experience of India - A Comparison with Neighbors     | 12            | 6                        |
|   |   |               | <b>Theory Paper - 80</b> |
| <b>Part c:</b>                              | <b>Project work</b>   | 20            | 20                       |
|   |   |               | <b>TOTAL-100</b>         |

| month            | Split up syllabus  | Class room pds. | Comp. Aided Pds. | Total periods |
|------------------|--|-----------------|------------------|---------------|
| April 2019       | <p style="text-align: center;"><b>Part A: Introductory Macroeconomics</b></p> <p><b>Unit 1: National Income and Related Aggregates</b></p> <p>What is Macroeconomics? Basic concepts in macroeconomics: consumption goods, capital goods, final goods, intermediate goods; stocks and flows; gross investment and depreciation.</p> <p>Circular flow of income (two sector model); Methods of calculating National Income - Value Added or Product method, Expenditure method, Income method. Aggregates related to National Income: Gross National Product (GNP), Net National Product (NNP), Gross and Net Domestic Product (GDP and NDP) - at market price, at factor cost; Real and Nominal GDP. GDP and Welfare</p>   | <b>20</b>       | <b>8</b>         | <b>28</b>     |
| June & July 2019 | <p><b>Unit 2: Money and Banking</b></p> <p><b>Money</b> - meaning and supply of money - Currency held by the public and net demand deposits held by commercial banks, Money creation by the commercial banking system.</p> <p><b>Central bank and its functions</b> (example of the Reserve Bank of India): Bank of issue, Govt. Bank, Banker's Bank, Control of Credit through Bank Rate, CRR, SLR, Repo Rate and Reverse Repo Rate, Open Market Operations, Margin requirement.</p> <p><b>Unit 3: Determination of Income and Employment</b></p> <p>Aggregate demand and its components. Propensity to consume and propensity to save (average and marginal).</p> <p>Short-run equilibrium output; investment multiplier and its mechanism. Meaning of full employment and involuntary unemployment.</p> <p>Problems of excess demand and deficient demand; measures to correct them - changes in government spending, taxes and money supply.</p> | <b>10</b>       | <b>5</b>         | <b>15</b>     |
|                  |  | <b>20</b>       | <b>7</b>         | <b>27</b>     |

|                      |   |           |           |           |
|----------------------|---|-----------|-----------|-----------|
| <b>Aug.<br/>2019</b> | <b>Unit 4: Government Budget and the Economy</b>  | <b>10</b> | <b>5</b>  | <b>15</b> |
|                      | Government budget - meaning, objectives and components.<br>Classification of receipts - revenue receipts and capital receipts; classification of expenditure – revenue expenditure and capital expenditure. Measures of government deficit - revenue deficit, fiscal deficit, primary deficit their meaning |           |           |           |
|                      | <b>Part B: Indian Economic Development</b>  |           |           |           |
|                      | <b>Unit 6: Development Experience (1947-90) and Economic Reforms since 1991:</b>  | <b>10</b> | <b>8</b>  | <b>18</b> |
|                      | A brief introduction of the state of Indian economy on the eve of independence. Common goals of Five Year Plans Main features, problems and policies of agriculture (institutional aspects and new agricultural strategy, etc.), industry (industrial licensing, etc.) and foreign trade.                   |           |           |           |
| <b>Sep.<br/>2019</b> | <b>Economic Reforms since 1991:</b>   | <b>5</b>  | <b>5</b>  | <b>10</b> |
|                      | Features and appraisals of liberalisation, globalisation and privatisation (LPG policy); Concepts of demonetization and GST.  |           |           |           |
|                      | <b>Unit 7: Current challenges facing Indian Economy</b>   | <b>15</b> | <b>5</b>  | <b>20</b> |
|                      | <b>Poverty</b> - absolute and relative; Main programmes for poverty alleviation: A critical assessment<br><b>Rural development:</b> Key issues - credit and marketing - role of cooperatives; agricultural diversification; alternative farming - organic farming   |           |           |           |
| <b>Oct.<br/>2019</b> | <b>Human Capital Formation:</b> How people become resource; Role of human capital in economic development; Growth of Education Sector in India<br><b>Employment:</b> Formal and informal growth; problems and policies.   | <b>20</b> | <b>10</b> | <b>30</b> |
|                      | <b>Infrastructure:</b> Meaning and Types: Case Studies: Energy and Health: Problems and Policies- A critical assessment;  |           |           |           |
| <b>Nov.<br/>2019</b> | <b>Sustainable Economic Development:</b> Meaning, Effects of Economic Development on Resources and Environment, including global warming<br><b>Unit 8: Development Experience of India:</b>   | <b>5</b>  | <b>5</b>  | <b>10</b> |
|                      | <b>A comparison with neighbors</b><br>India and Pakistan<br>India and China<br><b>Issues:</b> growth, population, sectoral development and other Human Development Indicators.  | <b>8</b>  | <b>4</b>  | <b>12</b> |

|                      |   |           |           |           |
|----------------------|---|-----------|-----------|-----------|
|                      | <b>Unit 5: Balance of Payments</b><br>Balance of payments account - meaning and components; balance of payments deficit- meaning.<br>Foreign exchange rate - meaning of fixed and flexible rates and managed floating.<br>Determination of exchange rate in a free market | <b>10</b> | <b>5</b>  | <b>15</b> |
| <b>Dec.<br/>2019</b> | <b>Part C: Project in Economics</b>   | <b>10</b> | <b>10</b> | <b>20</b> |

## Part A: - Macro Economic Theory

### Unit1:National Income & related aggregates

#### 1 Mark Questions

**Q No. 1.** Operating surplus stands for:

- (a) Income from property only
- (b) non work income
- (c) Wage income
- (d) income from entrepreneurship

**Q No. 2.** Compensation of employees stands for

- (a) Work income
- (b) transfer income
- (c) Entrepreneurship income
- (d) income from land

**Q No. 3.**  $GDP_{MP}$  includes:

- (a) NFIA
- (b) consumption of fix capital
- (c) Payment of taxes
- (d) value of imports.

**Q No. 4.**  $GVA_{MP}$  provides solutions to:

- (a) The problems of double counting.
- (b) The problem of double coincidence of wants.
- (c) Undervaluation of national income
- (d) unequal distribution of wealth

**Q No. 5.** Income method of calculating national income is also known:

- (a) Industrial origin method
- (b) Distributive share method
- (c) Income disposal method
- (d) Industrial method

**Q No. 6.** Which of the following would be the normal resident of India?

- a) An Indian working in an American embassy in India
- b) An Indian working in Singapore branch of an Indian bank.
- c) A team of German engineers in Jaiselmer on official job for six months.
- d) Five Afghan students pursuing law in India for the last four years

**Q No. 7.** Circular flow of income is based on the fact that:

- a) All sectors are self-sufficient and independent
- b) Income generated in one sector is consumed by itself
- c) One person's expenditure is another person's income
- d) All economies are closed economies

**Q No. 8.** Which of the following is termed as Gross Domestic Product at factor cost?

- a) It is the market value of all the final goods and services produced within domestic territory of a country.
- b) It is the market value of all the final goods and services produced nationally.
- c) It is the market value of all the final goods and services produced within domestic territory of a country less net indirect taxes.

d) It is the market value of all the final goods and services produced nationally less indirect taxes.

**Q No. 9.** Which of the following is used for calculating National Income by income method?

- a) Income Tax
- b) Corporation Tax
- c) Sales Tax
- d) Net Indirect Tax

**Q No. 10.** Which of the following is an example of factor income?

- a) Interest received by bank from producer
- b) Retirement pension
- c) Old age pension
- d) Interest received by bank from household

**Q No. 11.** What is GDP?

**Q No. 12.** What are Intermediate goods?

**Q No. 13.** What is Factor income?

**Q No. 14.** What is transfer income?

**Q No. 15.** What is depreciation?

**Q No. 16.** What do you mean by domestic territory of a country?

**Q No. 17.** What do you mean by normal resident of a country?

**Q No. 18.** What is operating surplus?

**Q No. 19.** What is value of output?

**Q No. 20.** What is mixed income?

**Q No. 21.** Give the meaning of macroeconomics.

**Q No. 22.** What is real flow?

**Q No. 23.** Explain money flow?

**Q NO.24.** Unforeseen Obsolescence of fixed capital assets during production is:

- a) Consumption of Fixed Capital
- b) Capital Loss
- c) Income Loss
- d) None of the above

**Q NO.25.** Depreciation of fixed capital assets refers to:

- a) Normal wear and tear
- b) Foreseen Obsolescence
- b) Normal wear and tear and foreseen obsolescence
- d) Unforeseen Obsolescence

**Q.NO.26.** When the entire output is sold in an accounting year, then value of output is equal to:

- a) Sales + Change in Stock
- b) Sales
- c) Sales – Change in Stock
- d) None of these

**Q.NO.27.** Broker's Commission on Sale and purchase of second hand goods is included in National Income because:

- a) It is a part of compensation of employees
- b) It is a part of gross capital formation
- c) It is an income earned for rendering productive services
- d) None of the above

### 3/4 Marks Questions

- Q No. 1.** Explain the problem of double counting.
- Q No. 2.** How to avoid double counting?
- Q No. 3.** What are the components of compensation of employees?
- Q No. 4.** What are the components of operating surplus?
- Q No. 5.** What are the 3 methods of measuring national income?
- Q No. 6.** What are the four sectors of the economy?
- Q No. 7.** Distinguish between stock and flow.
- Q No. 8.** Distinguish between nominal & Real GDP.
- Q No. 9.** Give the meaning of Depreciation/Consumption of fixed capital/Capital consumption allowance.
- Q No. 10.** Explain the following concepts:  
(a) Gross Investment (b) Net Investment
- Q No. 11.** If real GDP is Rs.200 and price index is 110 (base = 100) calculate nominal GDP.
- Q No. 12.** Government spends on FIT INDIA MOVEMENT. Analyse its impact on GDP and welfare of the people.
- Q No. 13.** What is real GDP? State three limitations of GDP as an index of economic welfare.

### 6 Marks Questions

- Q No. 1.** What precautions should be taken while using product method of national income?
- Q No. 2.** What precautions should be taken while using expenditure method?
- Q No. 3.** What precautions should be taken while using income method?
- Q No. 4.** Explain limitations of GDP as indicator of economic welfare.
- Q No. 5.** Define externalities. Give an example of negative externality. What is its impact on welfare?
- Q No. 6.** “All capital goods are producer goods but all producer goods are not capital goods.” Explain with the help of example.
- Q No. 7.** Explain ‘non-monetary exchanges’ as a limitation of using gross domestic product as an index of welfare of a country.
- Q No. 8.** “India's GDP is expected to expand 7.5% in 2019-20: World Bank”-The Economic Times.  
**Does the given statement mean that welfare of people of India increase at the same rate?**  
**Comment with reason.**
- Q No. 9.** ‘Circular flow of income in a two sector economy is based on the axiom that one’s expenditure is other’s income’. Do you agree with the given statement? Support your answer with valid reasons.
- Q No. 10.** “Machine purchased is always a final good”. Do you agree? Give reasons for your answer

**Q No. 11.** Why should the aggregate final expenditure of an economy be equal to the aggregate factor payments? Explain.

**Q No. 12.** Explain the main steps involved in measuring national income through product method.

**Q No. 13.** Explain the steps involved in calculation of national income through income method..

**Q No. 14.** Write down the limitations of using GDP as an index of welfare of a country.

**Q No. 15.** Calculate National Income from the following data

|  | (Rs. In Crores) |
|--|-----------------|
| (i) Net factor income from abroad                    | (-)20           |
| (ii) Government final consumption expenditure        | 200             |
| (iii) Subsidies                                      | 10              |
| (iv) Private final consumption expenditure           | 800             |
| (v) Net current transfers from the rest of the world | 30              |
| (vi) Net domestic fixed capital formation            | 100             |
| (vii) Indirect taxes                                 | 80              |
| (viii) Consumption of fixed capital                  | 40              |
| (ix) Change in stock                                 | (-)10           |
| (x) Net export                                       | (-)50           |

**Q No. 15.** Calculate

(i) Gross Domestic Product at Market Price by Expenditure method and

(ii) value of subsidies from the following data

| items                                      | (Rs. In Crores) |
|--|-----------------|
| (i) Govt. final consumption expenditure    | 3000            |
| (ii) Pvt. Final consumption expenditure    | 2000            |
| (iii) Net domestic fixed capital formation | 1800            |
| (iv) Imports                               | 50              |
| (v) Exports                                | 150             |
| (vi) Indirect taxes                        | 250             |
| (vii) Change in stock                      | 200             |
| (viii) Consumption of fixed capital        | 100             |
| (ix) Factor income from abroad             | 700             |
| (x) Factor in come to abroad               | 800             |
| (xi) National income                       | 7250            |

**Q No. 16.** How are the following treated in estimating national income from expenditure method?

Give reason.

- (i) Purchase of new car by a household
- (ii) Purchase of raw material by purchase unit:
- (iii) Expenditure by the government on scholarship to student

**Q No. 17.** How will you treat the following while estimating domestic product of India?

- (a) Rent received by resident Indian from his property in Singapore.
- (b) Salaries of Indians working in Japanese Embassy in India
- (c) Profits earned by branch of American bank in India.

**Q No. 18.** How will you treat the following while estimating National product of India?

- (a) Rent received by resident Indian from his property in Singapore.
- (b) Salaries of Indians working in Japanese Embassy in India.
- (c) Profits earned by branch of American bank in India.

**Q No. 19.** Will the following be included in National Income of India? Give reasons for your answer.

- (a) Financial help given to flood victims
- (b) Profits earned by an Indian bank from its branches abroad.
- (c) Salaries paid to non-resident Indians working in Indian Embassy in America.
- (d) Interest received by an individual from banks.

**Q No. 20.** What is the difference between planned and unplanned inventory accumulation?

**Q No. 21.** Write down the relation between change in inventories and value added of a firm.

**Q No. 22.** Calculate: a)  $GDP_{FC}$  and b) Factor Income to Abroad. From the following data.

| Items                               | Rs. (in crores) |
|-------------------------------------|-----------------|
| (i) Interest                        | 600             |
| (ii) Profits                        | 700             |
| (iii) Rent                          | 400             |
| (iv) Opening Stock                  | 150             |
| (v) Compensation of Employees       | 2000            |
| (vi) Net Domestic Capital Formation | 1000            |
| (vii) Gross Fixed Capital Formation | 1050            |
| (viii) Factor Income from Abroad    | 20              |
| (ix) $GNP_{FC}$                     | 3750            |
| (x) Net Exports                     | (-) 50          |
| (xi) Closing Stocks                 | 200             |

## Unit 2 Money and Banking

### 1 Mark Questions

- Q No. 1.** What is barter-system?
- Q No. 2.** What are the components of money supply?
- Q No. 3.** State any two shortcomings of barter-system.
- Q No. 4.** Define money.
- Q No. 5.** How do you calculate credit multiplier?
- Q No. 6.** Define money supply.
- Q No. 7.** What do you mean by commercial bank?
- Q No. 8.** What is central bank?
- Q No. 9.** Define CRR.
- Q No. 10.** What is bank rate?
- Q No. 11.** What is meant by credit creation?
- Q No. 12.** What is meant by lender of last resort function of central bank?
- Q No. 13.** What is commodity economy?
- Q No. 14.** How will the central bank use Open Market Operation to control excess credit circulation?
- Q No. 15.** State the formula for money creation by commercial bank.
- Q No. 16.** What is High Powered Money?
- Q No. 17.** Initial Deposit with banks is Rs. 750 crores and LRR is 12.5%. Find the value of Money Multiplier.
- Q No. 18.** Define Reverse Repo Rate.
- Q No. 19.** An initial Deposit of Rs. 5000 results in a multiple expansion of credit to Rs. 100000, what will be the value of Money Multiplier? (a) 2; (b) 8; (c) 10; (d) 20
- Q No. 20.** In order to control credit :
- (a) CRR should be increased and Bank rate should be decreased;
  - (b) CRR should be reduced and Bank rate should be reduced;
  - (c) CRR should be increased and Bank rate should be increased;
  - (d) CRR should be reduced and Bank rate should be increased
- Q No. 21.** The monetary policy generally targets to ensure \_\_\_\_\_.
- (a) Price stability in the economy;
  - (b) employment generation in the country;
  - (c) Stable foreign relations;
  - (d) greater tax collections for the government.
- Q No. 22.** This function of Central Bank involves buying and selling of government securities from or to the public and commercial banks.
- (a) Selective Credit Controls;
  - (b) Legal Reserve Requirements;
  - (c) Open Market Operations;
  - (d) None of these
- Q No. 23.** \_\_\_\_\_ refers to the difference between the amount of loan and market value of the security offered by the borrower against the loan.
- (a) Selective Credit Controls;
  - (b) Moral Suasion;
  - (c) Margin Requirements;
  - (d) Legal Reserve Requirements

- Q No. 24.** \_\_\_\_\_ refers to that portion of Total Deposits of a commercial bank which it has to keep with itself in the form liquid assets.  
(a) CRR; (b) SLR; (c) Bank Rate; (d) Repo Rate.
- Q No. 25.** \_\_\_\_\_ is the rate of interest at which Central Bank borrows from Commercial Bank.
- Q No. 26.** Value of Money Multiplier \_\_\_\_\_ (increases/decreases/remains unchanged) with an increase in Cash Reserve Ratio.

### **3/4 Marks Questions**

- Q No. 1.** State the problems of barter-system.
- Q No. 2.** Discuss the broad and narrow definition of money.
- Q No. 3.** What are the various measurements of money supply ?
- Q No. 4.** What are the differences between central bank and commercial bank.
- Q No. 5.** Explain the 'Banker's Bank' function of the Central Bank.
- Q No. 6.** Explain the 'Lender of last resort' function of the RBI.
- Q No. 7.** Explain the 'Banker to the Government' function of the RBI.
- Q No. 8.** Explain the 'Bank of Issue' function of the Central Bank.
- Q No. 9.** How will RBI use Repo Rate and CRR to control the excess money supply in the economy? Explain.
- Q No. 10.** How will RBI use Open Market Operation to control the credit or money supply in the economy? Explain.
- Q No. 11.** How will RBI use Reverse Repo rate to control the inflationary situation in the economy? Explain.
- Q No. 12.** How will RBI use SLR and Margin Requirement to control the deflationary situation in the economy? Explain.
- Q No. 13.** Write the relationship between LRR and Money Multiplier.
- Q No. 14.** Explain why the RBI is known as a Clearing House.
- Q No. 15.** If LRR is 10 % and Initial Deposit is Rs. 1000. Explain the process of Credit Creation by Commercial Banks using the given information.
- Q No. 16.** Differentiate between Quantitative and Qualitative Credit Control measures.

### **6 Marks Questions**

- Q No. 1.** Explain the process of credit creation by commercial banks with suitable examples.
- Q No. 2.** Explain the following monetary policy of central bank.-  
(a) Open market operation (b) Lender of last resort.
- Q No. 3.** Explain the functions of Central bank.
- Q No. 4.** Explain tools of Credit control.
- Q No. 5.** What is money multiplier? How will you determine its value? What ratios play an important role in the determination of the value of the money multiplier?

- Q No. 6.** What are the instruments of monetary policy of RBI? How does RBI stabilize money supply using its various monetary policies? Explain briefly.
- Q No. 7.** \*\*Define M1 and M2? What is included in M2? What is in M2 but not in M1.  
Relate each of the components of M2 to the factors behind the demand for money.
- Q No. 8.** Suppose reserve requirements were abolished. What would determine the level of reserves in the banking system? What would happen to the money supply multiplier in this situation?
- Q No. 9.** The RBI has decided that unemployment is rising too sharply and wants to reverse this trend by expanding money supply. What steps must be taken to expand money?

## **Unit 3: Determinations of Income and Employment**

### **1 Mark Questions**

- Q No. 1.** C/Y indicates  
(a) MPC (b) APC (c) APS (d) MPS
- Q No. 2.** Maximum value of MPC is  
(a) 0 (b) 100 (c) 1 (d) 1000
- Q No. 3.** If MPS is 1, multiplier will be  
(a) 0 (b) 1 (c) infinity (d) None of these
- Q No. 4.** AD curve is  
(a) Downward sloping (b) Horizontal (c) Vertical (d) Upward sloping
- Q No. 5.** Break-Even point is achieved when  
(a)  $C=S$  (b)  $C=I$  (c)  $C=Y$  (d) None of these
- Q No. 6.** At equilibrium  
(a)  $AD=AS$  (b)  $S=I$  (c) Both a & b (d) None of these
- Q No. 7.** Can value of APC be greater than one?
- Q No. 8.** What is meant by aggregate supply in macroeconomics?
- Q No. 9.** Why  $0 < MPC < 1$ ?
- Q No. 10.** What is the saving function?
- Q No. 11.** Define MPS
- Q No. 12.** What is aggregate demand?
- Q No. 13.** What is meant by equilibrium?
- Q No. 14.** What is under employment equilibrium level of income?
- Q No. 15.** As a result of increase in investment by Rs 75 crores, national income rises by Rs. 300 crores. Calculate a marginal propensity to save (MPS)?

**Q No. 16.** When the value of Investment Multiplier is undefined or infinity ( $\infty$ ), the value of MPC is \_\_\_\_\_.

**Q.No.17.** The value of Multiplier will be \_\_\_\_\_, when  $MPS=MPC$ .

**Q. No.18.** What is “effective demand”?

**Q. No. 19.**When multiplier has the minimum value, What will be the value of MPS?

### 3/4 Marks Questions

**Q No. 1.** State any three components of aggregate demand. Explain any one of them.

**Q No. 2.** Give the meaning of MPS and APS. Can the value of APS be negative? If yes, when?

**Q No. 3.** What is difference between planned (Ex-ante) and actual (Ex-post) investments?

**Q No. 4.** Differentiate between Full employment and under employment equilibrium?

**Q No. 5.** Explain two fiscal measures by which excess demand in an economy can be reduce.

**Q No. 6.** Write short note on concept of involuntary Gap.

**Q No. 7.** How monetary policy is used to reduce excess demand?

**Q No. 8.** What is deficient demand in an economy? What is its impact on output, employment and prices?

**Q No. 9.** What is monetary policy? Explain the role of: (i) Bank Rate; (ii) Margin requirements in influencing the available of the credit in an economy.

**Q No. 10.** Explain the relation of the multiplier with MPC & MPS.

**Q No. 11.** Explain the role of CRR and Govt. expenditure to control deficient demand.

**Q No. 12.** Explain the role of open market operation and SLR to control excess demand.

**Q No. 13.** What is the meaning of excess demand in an economy?

**Q No. 14.** When does a situation of deficient demand arise in an economy?

**Q No. 15.** Draw a linear consumption curve and show the points where the:

(a)  $APC = 1$

(b)  $APC > 1$

(c)  $APC < 1$

**Q No. 16.** Explain the relation between MPC and Multiplier with the help of a suitable numerical example.

**Q No. 17.** Calculate APC and APS from the following schedule:

|                 |     |     |     |
|-----------------|-----|-----|-----|
| Income (Y)      | 100 | 200 | 300 |
| Consumption (C) | 80  | 120 | 180 |

**Q No.18.** Calculate MPC from the following schedule:

|                 |    |     |     |     |     |
|-----------------|----|-----|-----|-----|-----|
| Income (Y)      | 0  | 100 | 200 | 300 | 400 |
| Consumption (C) | 60 | 110 | 150 | 180 | 200 |

## 6 Marks Questions

- Q No. 1.** Explain the theory of determination of income and employment with the help of aggregate demand and aggregate supply curves.
- Q No. 2.** Explain the concept of under employment equilibrium with the help of a diagram. Show on the same diagram the additional investment expenditure required to reach full employment equilibrium.
- Q No. 3.** With help of a diagram explain the concept of inflationary gap? Suggest any two measures to remove it.
- Q No. 4.** Explain determination of equilibrium level of income with the help of saving and investment.
- Q No. 5.** Draw a linear consumption curve and derive a saving function from it. Explain the process.
- Q No. 6.** Explain the steps in deriving consumption curve from a saving curve. Use diagram.
- Q No. 7.** If in an economy  $C = 200 + 0.9 Y$  and  $I = 3000$ . Calculate:
- Equilibrium level of national income and
  - Saving at equilibrium level of national income.
- Q No. 8.** “Economists are generally concerned about the rising Marginal Propensity to Save (MPS) in an economy”. Explain why?
- Q No. 9.** Explain the concept of inflationary gap (excess demand). What is its impact on output, employment and price level in the economy? How reverse repo rate can help in controlling the inflationary gap?
- Q No. 10.** Estimate the value of Aggregate Demand in an economy if:
- Autonomous Investment (I) = Rs. 100 Crore.
  - Marginal Propensity to Save (MPS) = 0.2
  - Level of Income (Y) = Rs. 4,000 Crores.
  - Autonomous Consumption Expenditure (c) = Rs. 50 Crore
- Q No. 11.** Explain the concept of deflationary gap (deficient demand). What is its impact on output, employment and price level in the economy? How it can be controlled by government spending and taxation policy?
- Q No. 12.** Is it possible that the economy operates at under employment equilibrium? Explain with the help of diagram. What role can the government play to achieve full employment?
- Q No. 13.** Explain the concept of investment multiplier using a suitable numerical example.
- Q No. 14.** Explain the concept of investment multiplier using a suitable diagram.

**Q No. 15.** In an economy, the investment expenditure is increased by Rs. 2000 crores. Calculate the total increase in income and consumption expenditure if ratio of marginal propensity to consume and marginal propensity to save is 4:1.

## Unit 4: Government Budget

### 1 Mark Questions

**Q No. 1.** A government budget shows a primary deficit of Rs. 4,400 crores. The revenue expenditure on interest payment is Rs 400 crores. How much is the fiscal deficit?

**Q No. 2.** Define fiscal deficit.

**Q No. 3.** What is meant by revenue deficit?

**Q No.4.** In a government budget revenue deficit is Rs 50000 crores and borrowings are Rs 75000 crores. How much is the fiscal deficit?

**Q No. 5.** Define a tax.

**Q No. 6.** What is a government budget?

**Q No. 7.** Give two examples of non-tax revenue receipts.

**Q No. 8.** Match the following:

| Column I                                  | Column II                 |
|---|---------------------------|
| (a) Interest paid on National Debt        | (i) Revenue Receipt       |
| (b) Escheats                              | (ii) Capital Receipt      |
| (c) Sale of SAIL by central government    | (iii) Capital Expenditure |
| (d) Expenditure on construction of bridge | (iv) Revenue Expenditure  |

**Q No. 9.** Which of the following set is not matched correctly?

| Column I                                 | Column II                 |
|--|---------------------------|
| (a) Corporation Tax                      | (i) Direct Tax            |
| (b) Dividend on investment by Government | (ii) Non-Tax Revenue      |
| (c) Recovery of loans                    | (iii) Capital Expenditure |
| (d) Grants given to State Governments    | (iv) Revenue Expenditure  |

**Q No.10.** Government expenditure on the Swachh Bharat Abhiyaan is an example of \_\_\_\_\_ expenditure.

**Q No.11.** Give two examples of Indirect Tax.

**Q No.12.** Which of the following statement is not true for Fiscal Deficit? A Fiscal Deficit:

- (a) represents 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 Receipts other than borrowings.
- (d) increases the future liability of the Government.

**Q. No. 13.** Primary Deficit is borrowing requirements of government for making \_\_\_\_\_.

**Q. No. 14.** Fiscal Deficit equals:

- a) Interest Payments;
- b) Primary Deficit less Interest Payments;
- c) Interest Payments less Borrowings;
- d) Primary Deficit plus Interest Payments

**Q. No. 15.** Define Capital Expenditure.

**Q. No. 16.** Define Capital Receipts.

**Q. No. 17.** Define Escheats.

### **3/4 Marks Questions**

**Q No. 1.** Why is repayment of loan treated as capital expenditure?

**Q No. 2.** Why is payment of interest treated as revenue expenditure?

**Q No. 3.** Why are subsidies treated as revenue expenditure?

**Q No. 4.** What is a government budget? Name two sources each of non-tax revenue receipts and capital receipts.

**Q No. 5.** What is meant by revenue deficit? What are the implications of this deficit?

**Q No. 6.** What is the basis of classifying government receipts into revenue receipts and capital receipts? Give an example of each.

**Q No. 7.** Government raises its expenditure on producing public goods. Which economic value does it reflect? Explain.

**Q No. 8.** What is meant by capital receipt? What are the components of capital receipts of the government?

**Q No. 9.** Give the relationship between the revenue deficit & fiscal deficit.

**Q No.10.** Explain how the Government Budget can be helpful in bringing economic stabilization in the economy.

**Q No.11.** Explain the allocation function of the Government Budget.

**Q No.12.** Explain the 'Redistribution of Income' objective of Government Budget.

### **6 Marks Questions**

**Q No. 1.** State any three objectives of a government budget.

**Q No. 3.** Distinguish between revenue receipts and capital receipts in a government budget. Give two examples of each.

**Q No. 4.** Giving reasons, categories the following into revenue receipts and capital receipts:

- (i) Recovery of loans
- (ii) Corporation tax
- (iii) Dividends on investments made by government.
- (iv) Sale of a public sector undertaking.

**Q No. 5.** Giving reasons, categories the following into revenue expenditure and capital expenditure.

- (i) Subsidies
- (ii) Grants given to State Governments.
- (iii) Repayment of loans
- (iv) Construction of school building.

**Q No. 6.** Giving reasons, categorize the following into direct tax and indirect tax:

- (i) Corporation tax
- (ii) Sales tax
- (iii) Wealth tax
- (iv) Service tax

**Q No. 7.** Explain the concept of revenue deficit to a government budget. What does this deficit indicate?

**Q No. 8.** What does fiscal deficit in a government budget mean? What are its implications?

**Q No. 9.** Explain the role of government budget in fighting inflationary & deflationary tendencies.

**Q No.10.** Explain why public goods must be provided by the government.

**Q No. 11.** Does public debt impose a burden? Explain

**Q No. 13.** Why the tax multiplier is smaller in absolute value than the government expenditure multiplier.

**Q No. 14.** “Governments across nations are too much worried about the term fiscal deficit”. Do you think that fiscal deficit is necessarily inflationary in nature? Support your answer with valid reasons.

**Q No. 15.** Giving reasons, state whether the following is a revenue expenditure or a capital expenditure in a Government Budget: (i) Expenditure on scholarships; (ii) Expenditure on building a bridge; (iii) Expenditure on purchasing CCTV cameras for Government Offices; (iv) Repayment of interest on loans.

## **Unit 5: Balance of Payments**

### **1 Mark Questions**

**Q No. 1.** What do you mean by foreign exchange rate?

**Q No. 2.** What is Foreign Exchange Market?

**Q No. 3.** What do you mean by Managed Floating?

**Q No. 4.** What do you mean by Fixed Exchange Rate System?

**Q No. 5.** What do you mean by Flexible Exchange Rate System?

**Q No. 9.** What do you mean by Devaluation?

**Q No. 10.** What is Depreciation of currency?

**Q No. 11.** Invisible items in BOP include

- a) Foreign remittance; b) Income from tourists; c) Internet charges; d) All of the above.

**Q No.12.** Which of the following set of statement/statements from Column I and Column II are correctly matched?

| Column I                      | Column II                              |
|-------------------------------|--|
| (a) Unilateral Receipts       | (i) Credit side of Capital Account     |
| (b) Trade Deficit             | (ii) Export of goods < Import of goods |
| (c) Export of tea             | (iii) Credit Side of Current Account   |
| (d) FDI by Pepsi co. in India | (iv) Debit side of Capital Account     |

Choose the correct option from the alternatives given below:

1. (a) (i), (b) (ii), (d) (iv); 2. (b) (ii), (c) (iii); 3. (b) (ii), (c) (iii), (d) (iv); 4. None of the above

**Q No.13.** If Balance of Trade shows a deficit of Rs. 20 crores, and the imports is Rs. 150 crores. What will be the value of exports?

**Q No.14.** BOP of a country is a systematic record of all \_\_\_\_\_ transactions between residents of the country and the residents of another country.

**Q No.15.** How can increase in FDI affect the price of Foreign Exchange?

**Q No.16.** What determines the value of a Fixed Exchange Rate:

- (a) Speculation; (b) FDI; (c) Export and Import; (d) Government intervention

**Q No.17.** Differentiate between FDI and FPI.

**Q No.18.** What is Floating Exchange Rate?

**Q. No.19.** A country's Balance of Trade is Rs. (-) 60 crores and the value of import of goods is Rs. 100 crores. Find out the value of export of goods.

**Q No.20.** Balance of Payment deficit can be removed through:

- (a) Devaluation of currency; (b) Export promotion; (c) Import Substitution; (d) All of the above

**Q No.21.** Define Official Reserve Transactions.

### 3/4 Marks Questions

**Q No. 1.** State four main sources of demand for foreign currency.

**Q No. 2.** Distinguish between autonomous items & accommodating items.

**Q No. 3.** Explain the effect of depreciation of domestic currency on exports.

**Q No. 4.** Explain the effect of appreciation of domestic currency on imports.

**Q No. 5.** Suppose it takes 1.25 yen to buy a rupee, and the price level in Japan is 3 and the price level in India is 1.2. Calculate the real exchange rate between India and Japan (the price of Japanese goods in terms of Indian goods). (Hint: First find out the nominal exchange rate as a price of yen in rupees).

- Q No. 6.** Differentiate between devaluation and depreciation.
- Q No. 7.** Are the concepts of demand for domestic goods and domestic demand for goods the same?
- Q No. 8.** Why is the open economy autonomous expenditure multiplier smaller than the closed economy one?
- Q No. 9.** If inflation is higher in country A than in Country B, and the exchange rate between the two countries is fixed, what is likely to happen to the trade balance between the two countries?
- Q No. 10.** “Devaluation and Depreciation of currency is one and the same thing.” Do you agree? How do they affect the exports of a country?
- Q No. 11.** ‘In the last five years Reliance Group of Industries has been rapidly spending in Australia for Uranium Mining.’ What will be its likely impact on the foreign exchange rate of Indian Rupee? Explain.
- Q No. 12.** Visits to foreign countries for sightseeing etc. by the people of India are on the rise. What will be its likely impact on Foreign Exchange Rate and how?
- Q No. 13.** Government of India has doubled the import duty on gold. What impact is it likely to have on foreign exchange rate and how?
- Q No. 14.** How does giving incentives for exports influence foreign exchange rate? Explain.
- Q No. 15.** Explain the effect of Depreciation of Foreign currency on exports of Domestic goods.
- Q No. 16.** What will be the effect of the following on the Balance of current account of BOP of India:  
(i) Increased purchase of coffee from Kenya; (ii) Increased spending by Indians on holidays in USA; (iii) Increased spending by tourists in Indian hotels.
- Q No. 17.** Differentiate between BOT and BOP.
- Q No. 18.** Differentiate between Current Account and Capital Account of BOP.
- Q No. 19.** As per the government budget, the interest payments are estimated at Rs. 10000 crores, which is 40% of Primary Deficit. Calculate Fiscal Deficit.

### **6 Marks Questions**

- Q No. 1.** What are official reserve transactions? Explain their importance in the balance of payments.
- Q No. 2.** Differentiate between balance of trade and current account balance.
- Q No. 3.** How is the exchange rate determined under a flexible exchange rate regime?
- Q No. 5.** Suppose  $C = 40 + 0.8 Y$ ,  $Y = 50$ ,  $I = + 60$ ,  $G = 40$ ,  $X = 90$ ,  $M = 50 + 0.05 Y$
- (a) Find equilibrium income.
- (b) Find the net export balance at equilibrium income
- (c) What happens to equilibrium income and the net export balance when the government purchases increase from 40 and 50?
- (d) In the above example, if exports change to  $X = 100$ , find the change in equilibrium income and the net export balance.

**Q No. 6.** Should a current account deficit be a cause for alarm? Explain.

**Q No.7.** Explain the reason for inverse relationship between price of a foreign currency & its demand.

**Q No. 8.** Describe the merits & demerits of flexible exchange rate system.

**Q No.9.** Foreign Institutional Investors (FIIs) remained net seller in the Indian capital markets over the last few weeks. - "The Economic Times." State and discuss the likely effects of the given statement on foreign exchange rate with reference to the Indian Economy.

**Q No. 10.** 'Many large Multinational Corporations (MNCs) have recently shifted their investments from China and have started their production in India, thereby boosting the Make in India plans of the Government'. Presuming other factors being constant, discuss the effects of the given statement on Foreign Exchange rates with reference to the Indian Economy.

**Q No. 11.** Distinguish between:

a) Appreciation and Revaluation of the currency; b) Fixed and Flexible Exchange Rate System.

## **Part B: Indian Economic Development**

### ***Unit6: Development Experience (1947-90) and Economic Reforms since1991***

#### **A: Development Experience (1947-90)**

##### **1 Mark Questions**

**Q No. 1.** It is a conscious design to shape the socio-economic processes in order to achieve an objective of \_\_\_\_\_.

- a. Economic planning
- b. Economic development
- c. Economic growth
- d. Economic infrastructure

**Q No. 2.** In India, what type of economic system is being followed?

- a. Capitalism
- b. Socialism
- c. Monarchy
- d. Mixed

**Q No. 3.** Which is the primary objective of economic planning in India?

- a. Reducing Inequalities of income
- b. Abolition of poverty
- c. Growth with social justice
- d. Removing unemployment

**Q No. 4.** External Factor responsible for industrial sickness is

- a. Lack of management
- b. Government policies related with production, distribution and prices
- c. Excessive overhead expenses
- d. Diversion of funds

**Q No. 5.** Define small scale industry.

**Q No. 6.** Define green revolution.

**Q No. 7.** In 1951, agriculture sector's contribution to country's national income was .....

**Q No. 8.** Define Commercialisation of agriculture.

**Q No. 9.** "India Divided" was written by \_\_\_\_\_.

**Q No. 10.** Define Structural Change.

**Q No. 11.** On the eve of Independence, India was net exporter of:

- a) Primary Products
- b) Industrial Products
- c) Capital goods
- d) Agricultural Goods

**Q No. 12.** Gender-Bias in the society on eve of Independence was indicated by

- a) Mortality rate
- b) Literacy rate
- c) Death rate
- d) Life expectancy

**Q No. 13.** In which year was India's first Five year plan launched?

**Q No. 14.** Define the policy of import substitution.

**Q No. 15.** Define capitalist economy.

**Q No. 16.** Who is the author of the book Poverty and Famines?

**Q No. 17.** When was the Planning Commission of India set up?

- (a) 1949;
- (b) 1950;
- (c) 1956;
- (d) 1850

**Q No. 18.** The first official census of India was conducted in the year \_\_\_\_\_.

**Q No. 19.** Which year is described as a 'Year of Great Divide'?

**Q No. 20.** Land ceiling refers to :

- (a) Fix rural land holdings at the existing level;
- (b) Fix land area for irrigation purposes;
- (c) Fix rural urban holdings at the existing level;
- (d) Fix quantum of land held by an individual

**Q No. 21.** Occupational structure refers to:

- a) the total workforce of a country;
- b) population of a country;
- c) Distribution of workers among industries and sectors;
- d) distribution of workers in agriculture.

### 3/4 Marks Questions

- Q No. 1.** Explain any two features of Indian agriculture at the time of independence.
- Q No. 2.** Briefly explain four main reasons for stagnation in Indian agriculture during colonial rule in India.
- Q No. 3.** What were the main economic policies pursued by the colonial govt. in India?  
Briefly explain its effects in the light of industrialization and infrastructure.
- Q No. 4.** Mention the development of foreign trade between 1950-1990.
- Q No. 5.** Explain any four long term objectives of economic planning in India.
- Q No. 6.** Why was the public sector given a leading role in industrial development during the first Seven five year plans?
- Q No. 7.** What is Green Revolution? Discuss the achievements of green revolution.
- Q No. 8.** Why did the Government adopt “Import substitution” and “Protection” as a trade policy during the planning period (1947-90).
- Q No. 9.** Why did the government implemented reforms in the agricultural sector in the post independence period (1950- 1990)? Specify some of these reforms.
- Q No. 10.** Briefly point out the main features of Industrial Policy Resolution -1956 adopted by the govt.  
Why did the govt. adopt such policy? Cite out two points.
- Q No. 11.** Explain ‘growth with equity’ as a planning objective.
- Q No. 12.** How were the industries classified according to the Industrial Policy Resolution, 1956?

### 6 Marks Questions

- Q No. 1.** What is sectoral composition of an economy? Is it necessary that the service sector should contribute maximum to GDP of an economy? Comment.
- Q No. 2.** While subsidies encourage farmers to use new technology, they are a huge burden on government finances. Discuss the usefulness of subsidies in the light of this fact.
- Q No. 3.** Why, despite the implementation of green revolution, 65 per cent of our population continued to be engaged in the agriculture sector till 1990?
- Q No. 4.** Though public sector is very essential for industries, many public sector undertakings incur huge losses and are a drain on the economy’s resources. Discuss the usefulness of public sector undertakings in the light of this fact.
- Q No. 5.** Explain how import substitution can protect domestic industry.
- Q No. 6.** What was the condition of agriculture, Infrastructure, Industrial sector & occupation structure at the time of Independence?
- Q No. 7.** What was the condition of foreign trade under the British rule.
- Q No. 8.** Briefly explain any four causes of decay of Handicrafts on the eve of Independence?

**Q No. 9.** What do you understand by the drain of Indian wealth during the colonial period?

**Q No. 10.** Give the quantitative appraisal of Indian demographic profile during the colonial period.

### ***Unit6: Development Experience (1947-90) and Economic Reforms since1991***

#### **B: Economic Reforms since1991**

**Q No. 1.** How many industries still need license for its operations?

- a. 4
- b. 8
- c. 10
- d. 6

**Q No. 2.** When government disinvests its shares to the extent of 5 to 10 percent to meet the deficit in the budget, this is termed as

- a. Partial privatisation
- b. Token privatisation
- c. Denationalisation
- d. None of the above

**Q No. 3.** LPG stands for:

- a. Liberalisation, Production and Global Cooperation
- b. License, Privatisation and Globalisation
- c. Liberalisation, Privatisation and Globalisation
- d. License, Permit and Goods

**Q No. 4.** CRR is

- a. The percentage of total deposits which the banks have to keep in the form of cash.
- b. The percentage of total deposits which the banks have to keep with the RBI.
- c. Both
- d. None of the above

**Q No. 5.** Define Globalization.

**Q No. 6.** Why should tariff and non-tariff barriers be removed to promote globalisation?

**Q No. 7.** Why did the Indian Government need to borrow from international organisations?

**Q No. 8.** \_\_\_\_\_ involves deregulation and reduction of government controls and greater autonomy of private investment, to make economy more competitive.

**Q No. 9.** Define Privatisation.

**Q No. 10.** Prime Minister Narendra Modi announced about the demonetisation of Rs. 500 and Rs.

1000 currency came on : a) 08<sup>th</sup> Nov,2016; b) 12<sup>th</sup> Oct, 2016; c) 08<sup>th</sup> Nov, 2015; d) 15<sup>th</sup> Aug, 2016

### **3/4 Marks Questions**

- Q No. 1.** Explain the liberalization reforms in industrial sector.
- Q No. 2.** Explain any three objectives of new economic policy.
- Q No. 3.** Describe our achievements/failures in the matter of employment prior to economic reforms?
- Q No. 4.** What do you know by Liberalization, Privatization and Globalization?
- Q No. 5.** “New Economic policy is liberal policy”. State your Comment.
- Q No. 6.** Briefly explain any two points of Positive and negative impacts of new economic policy.
- Q No. 7.** What are the major factors responsible for the high growth of the service sector?
- Q No. 8.** What is World Trade Organization? Briefly explain its three functions.
- Q No. 9.** Privatisation has done more harm than good. Justify your answer.
- Q No. 10.** Define Tariff and Non-tariff barriers with example.
- Q No. 11.** How did the Liberalisation of Indian economy led to economic growth?
- Q No. 12.** Discuss about the benefits of Demonetisation of 2016 in India.

### **6 Marks Questions**

- Q No. 1.** What is Demonetization? Explain its objectives and limitation.
- Q No. 2.** What is GST? Explain its objectives and limitation.
- Q No. 3.** Those public sector undertakings which are making profits should be privatised. Do you agree with this view? Why?
- Q No. 4.** Do you think outsourcing is good for India? Why are developed countries opposing it?
- Q No. 5.** India has certain advantages which make it a favorite outsourcing destination. What are these advantages?
- Q No. 6.** Do you think the ‘Navaratna Policy’ of the government helps in improving the performance of public sector undertakings in India? How?
- Q No. 7.** Explain the concept of outsourcing. What makes India a favorite destination of Outsourcing. Why are developed countries opposing it?
- Q No. 8.** Agriculture sector appears to be adversely affected by the reform process. Why?
- Q No. 9.** Why has the industrial sector performed poorly in the reform period?
- Q No. 10.** Discuss economic reforms in India in the light of social justice and welfare.

## ***Unit 7: Current Challenges facing Indian Economy***

### **A: Poverty**

#### **1 Mark questions**

- Q No. 1.** What is the minimum calorie intake estimated for rural & urban areas?
- Q No. 2.** Why has higher calorie intake fixed for rural areas?
- Q No. 3.** How can creation of income earning assets address the problem of poverty?
- Q No. 4.** The poverty has shifted from rural to urban areas. Why?
- Q No. 5.** Name the program initiated by government to help the elderly people & poor & destitute women?
- Q No. 6.** What is meant by head count ratio?
- Q No. 7.** What is the amount of consumption expenditure to determine poverty line in India?
- Q No. 8.** Which Organization collects data on poverty in India?
- Q No. 9.** Where do you think the incidence of poverty is greater? Rural areas or urban areas
- Q No. 10.** What percentage of population was below the poverty line in the year 2004-05.
- Q No. 11.** What do you mean by Situational Poverty (Transitory)?
- Q No. 12.** What do you mean by Generational or Chronic Poverty?
- Q No. 13.** Match the following:

| <b>Column I</b>  | <b>Column II</b> |
|--|------------------|
| (i) Study Group formed by Planning Commission for Poverty                            | (a) 2005         |
| (ii) Task Force on Projections of the Minimum Needs and Effective Consumption Demand | (b) 1962         |
| (iii) MGNREGA  | (c) 2014         |
| (iv) Jan Dhan Yojana   | (d) 1979         |

- Q No. 14.** From the following set of statements which is incorrect:

| <b>Column I</b>                | <b>Column II</b>                     |
|--------------------------------|--------------------------------------|
| (i) Calorie intake rural area  | (a) 2400                             |
| (ii) Calorie intake urban area | (b) 2100                             |
| (iii) PMRY                     | (c) Rural Self Employment Generation |
| (iv) SGSY                      | (d) 1999                             |

- Q No. 15.** When was National Social Assistance Programme initiated?  
(a) 15<sup>th</sup> August 1996; (b) 15<sup>th</sup> August 1998; (c) 15<sup>th</sup> August 1997; (d) 15<sup>th</sup> August 1995

#### **3/4 Marks Questions**

- Q No. 1.** Define poverty line. Briefly explain any two methods of measuring poverty in India.
- Q No. 2.** Define poverty. Distinguish between absolute and relative poverty.
- Q No. 3.** What do you mean Absolute poverty? How to measure absolute poverty?

**Q No. 4.** Explain “Food for Work programme”.

**Q No. 5.** Write the Concept of poverty line and examine it critically.

**Q No. 6.** Write a note on MGNREGA.

**Q No. 7.** Poverty has reduced, but the gulf between the rich and the poor has widened. Give reason.

### **6 Marks Questions**

**Q No. 1.** Briefly explain the three dimensional attack on poverty adopted by the government.

**Q No. 2.** Explain the Causes of poverty.

**Q No. 3.** Explain the Three Dimensional Approach to remove Poverty.

**Q No. 4.** Why is employment generation programmes important in alleviating poverty in India?

**Q No. 5.** The three dimensional strategy of poverty alleviation adopted by the government of India has not been successful. Comment.

**Q No. 6.** Discuss about the programmes adopted by the government to help the elderly people, poor and destitute women?

**Q No. 7.** Illustrate the difference between rural and urban poverty. Is it correct to say that poverty has shifted from rural to urban areas? Use the trends in poverty ratio to support your answer.

## ***Unit 7: Current Challenges facing Indian Economy***

### **B: Rural development**

#### **1 Mark questions**

**Q No. 1.** Which of the following is the institutional source of credit?

- (a) Land lords                      (b) Government  
(c) Money lenders                (d) Village traders

**Q No. 2.** The duration of medium –term loans is:

- (a) 6 to 12 months                (b) 12 months to 3 years  
(c) 12 months to 5 years        (d) 2 to 7 years

**Q No. 3.** SHG means:

- (a) Small help groups              (b) Self-help groups  
(c) Both a and b                      (d) None of these

**Q No. 4.** \_\_\_\_\_ is the apex body which coordinates the functioning of different financial institutions working for expansion of rural credit.

**Q No. 5.** The scheme of “micro finance “is extended through self-help groups. True /False.

**Q No. 6.** Name the state which is regarded as a success story in the efficient implementation of milk cooperative.

**Q No. 7.** What do you mean by Rural Development?

**Q No. 8.** What do you mean by Cooperative marketing?

**Q No. 9.** What do you mean by Rural Credit?

**Q No. 10.** What is Distress Sale?

**Q No. 11.** What do you mean by Micro-finance?

**Q No. 12.** What do you mean by Self Help Groups (SHGs)?

**Q No. 13.** What is Dual pricing?

**Q No. 14.** What is Operation flood?

**Q No. 15.** What is NABARD?

**Q No. 16.** What do you mean by Organic Farming?

**Q No. 17.** Match the following:

| <b>Column I</b>  | <b>Column II</b>           |
|--|----------------------------|
| (i) Involves cultivating fruits, vegetables, etc.                    | (a) Information Technology |
| (ii) Operation Flood   | (b) Animal Husbandry       |
| (iii) Involves use of computers to retrieve and transmit information | (c) Horticulture           |
| (iv) Involves catching, processing or selling of aquatic animals     | (d) Dairying               |
| (v) Involves breeding, rearing and caring for farm animals           | (e) Fisheries              |

**Q No.18.** Horticulture sector contributes \_\_\_\_\_ percent of GDP of India.

### **3/4 Marks Questions**

**Q No. 1.** Explain the Needs of Rural Credit.

**Q No. 2.** Explain the Sources of Rural Credit.

**Q No. 3.** Explain the Role of micro-credit in meeting credit requirements of the poor.

**Q No. 4.** Explain the key issues in rural development.

**Q No. 5.** How to improve Agricultural Marketing, Explain.

**Q No. 6.** What are the Defects of Agricultural Market in India? Explain

**Q No. 7.** Explain the Alternative channels available for agricultural marketing

**Q No. 8.** Explain the concept of Diversification of Agricultural Activity.

### **6 Marks Questions**

**Q No. 1.** Explain the Role of IT Industries in the development of agriculture

**Q No. 2.** What is Organic Farming? Explain its advantages and limitations.

- Q No. 3.** What types of Problems do farmers face during the initial years of organic farming?
- Q No. 4.** Rural Economic development is essential for Indian Economic development". Do you agree with the given statement? Support your answer with valid reasons.
- Q No. 5.** Discuss the Self Help Group (SHG) Bank Linkages Programme.
- Q.No.6.** Discuss the various policy instruments initiated by the government to protect the farmers in marketing of their agricultural produce.
- Q No. 5.** Bring out the importance of animal husbandry, fisheries and horticulture as a source of diversification.
- Q No. 6.** What is Organic farming? Why should we adopt Organic farming?
- Q No. 7.** What is the significance of agricultural diversification? Bring out the key issues in rural development.
- Q No.8.** What do you mean by Cooperative marketing & Agricultural marketing? Explain measures taken by the government to improve agricultural marketing.
- Q No.9.** Evaluate the role of NABARD in the context of rural development in India.

### ***Unit 7: Current Challenges facing Indian Economy***

#### **C: Human Capital formation**

##### **1 Mark questions**

- Q No. 1.** What do you mean by Human Capital formation?
- Q No. 2.** What is Global burden of Diseases?
- Q No. 3.** What are the Indicators of educational achievement in a country?
- Q No. 4.** What do you mean by Adult Literacy Rate?
- Q No. 5.** What is Primary Education Completion Rate?
- Q No. 6.** What are the various forms of health expenditure?

##### **3/4 Marks Questions**

- Q No. 1.** What are the reasons for poor Human Capital formations in India?
- Q No. 2.** Education Commission 1964-66 had recommended that at least 6 per cent of GDP must be spent on education. How far India has been able to achieve the said goal?
- Q No. 3.** In your view, is it essential for the government to regulate the fee structure in education and health care institutions? If so why?
- Q No. 4.** Explain the Indicators of Human development.
- Q No. 5.** Explain the importance of Education for Human capital formation.
- Q No. 6.** Describe the weakness of the Education Sector in India.
- Q No. 7.** Why has India not been able to achieve 100% literacy even till today?
- Q No. 8.** Why do we need to invest in human capital?

**Q No. 9.** Why do people migrate?

**Q No. 10.** Differentiate between Physical capital and Human Capital.

**Q No. 11.** Women in rural areas are ready to work even at low wages. Why?

**Q No. 12.** Why is government expenditure on tertiary education important? Explain.

### **6 Marks Questions**

**Q No. 1.** Why there is need for acquiring information relating to health & education expenditure from the effective utilization of human resources.

**Q No. 2.** Why are workers required to work for a certain period after the on-the-job training?

**Q No.3.** What is the role of human capital formation in economic growth? How is the expenditure on job training and education considered as important inputs for the development of a nation? Explain.

**Q No. 4.** Mention the various indicators of human development & the problem of human capital formation in India.

**Q No.5.** Why is there a need to promote women's education in India?

### ***Unit 7: Current Challenges facing Indian Economy***

#### **D: Employment**

#### **1 Mark questions**

**Q No. 1.** Why do people work?

**Q No. 2.** What is meant by labour force participation rate?

**Q No. 3.** Are the following workers- a beggar, a thief, a smuggler, a gambler? Why?

**Q No. 4.** Name the two kinds of urban unemployment.

**Q No. 5.** What do you mean by industrial unemployment?

**Q No. 6.** Give the meaning of educated unemployment.

**Q No. 7.** What is meant by wage employment?

**Q No. 8.** What do you mean by disguised unemployment?

**Q No. 9.** Define Open Unemployment.

**Q No. 10.** Differentiate between Work Force and Labour Force.

**Q No. 11.** Match the items given under 'A' with the suitable statements under 'B':

| <b>A</b>                    | <b>B</b>  |
|-----------------------------|---|
| (i) Unemployed People       | (a) People are able and willing to work, but fail to get work |
| (ii) Open Unemployment      | (b) More people are engaged in work than are really needed    |
| (iii) Self Employment       | (c) Labour force – Work force                                 |
| (iv) Disguised Unemployment | (d) Worker uses his own resources to make a living            |

### **3/4 Marks Questions**

- Q No. 1.** Compared to urban women, more rural women are found working. Why?
- Q No. 2.** Why does rural work force migrate to urban areas during some part of the year?
- Q No. 3.** Why are regular salaried employees more in urban areas than in rural areas?
- Q No. 4.** Why is the Self – Employed work force higher in rural areas?
- Q No. 5.** Why are fewer women found in regular salaried employment?
- Q No. 6.** Victor is able to get work only for two hours in a day. Rest of the day, he is looking for work. Is he unemployed? Why? What kind of jobs could persons like Victor is doing?
- Q No. 7.** What do you mean by casualisation of workforce? Discuss the concept with relevant facts.
- Q No. 8.** Discuss the steps taken by the government to solve the problem of Unemployment.
- Q No. 9.** Women in rural areas are ready to work even at low wages. Why?

### **6 Marks Questions**

- Q No. 1.** What is worker population ratio? How do we calculate Worker population ratio?  
What is its use?
- Q No. 2.** Discuss the Principal issues relating to rural and urban employment in India.
- Q No. 3.** What is meant by unemployment? Explain the various types of unemployment found in rural and urban Areas at India
- Q No. 4.** Explain the term “Informalisation of work force. What is the percentage of work force in informal sector?
- Q No. 7.** What do you mean by casualisation of workforce? Discuss the concept with relevant facts.
- Q No. 8.** Discuss the steps taken by the government to solve the problem of Unemployment.

## *Unit 7: Current Challenges facing Indian Economy*

### **E: Infrastructure**

#### **1 Mark questions**

- Q No. 1. What do you mean by Infrastructure?
- Q No. 2. What is Economic infrastructure?
- Q No. 3. What do you mean by Social infrastructure?
- Q No. 4. What is Global burden of Disease?
- Q No. 5. Write any two Conventional sources of energy.
- Q No. 6. Write any two Non-conventional sources of energy.
- Q No. 7. What is **APDRP**?
- Q No. 8. What is the full form of PLF?

#### **3/4 Marks Questions**

- Q No. 1. Differentiate between Commercial energy and Non Commercial energy.
- Q No. 2. What is the importance of infrastructure in economic development?
- Q No. 3. What are the three basic sources of generating power?
- Q No. 4. How has women's health become a matter of great concern?
- Q No. 5. Differentiate between Conventional sources and Non Conventional sources of energy.
- Q No. 6. "Women suffer many disadvantages as compared to men in the health care." Comment.
- Q No. 7. How does infrastructure helps in generating employment?
- Q No. 8. Write a short note on "Medical Tourism in India".
- Q No. 9. What are the components of the Indian Systems of Medicine (ISM)?

#### **6 Marks Questions**

- Q No. 1. Discuss the Emerging challenges of power generation in India.
- Q No. 2. What are the measures undertaken to meet the challenges of power Generation in India?
- Q No. 3. What do you mean by transmission and distribution losses? How can they be reduced?
- Q No. 4. Justify that energy crisis can be overcome with the use of renewable sources of energy.
- Q No. 5. Discuss the Development of health services in India after independence:
- Q No. 6. Discuss the Emerging challenges of health services in India?
- Q No. 7. Why is there an Unequal Distribution of Health Care Services in India? Discuss.
- Q No. 8. Discuss the main drawbacks of our healthcare system.
- Q No. 9. "People living in rural areas do not have sufficient health infrastructure." Explain.
- Q No. 10. Discuss the role of private sector in providing health services in India.

## *Unit 7: Current Challenges facing Indian Economy*

### **F: Sustainable Economic Development**

#### **1 Mark questions**

**Q No. 1.** \_\_\_\_\_ is caused by high levels of bromine and chlorine compounds in the atmosphere.

- a. Global warming
- b. Water pollution
- c. Ozone depletion
- d. None of these

**Q No. 2.** Abiotic elements are \_\_\_\_\_

- a. Air
- b. Water
- c. Land
- d. All of these

**Q No. 3.** \_\_\_\_\_ occurs when essential nutrients are washed away out of the soil due to heavy rains and floods.

- a. Soil erosion
- b. Land degradation
- c. Water pollution
- d. None of the above

**Q No. 4.** Central pollution board was found in

- a. 1968
- b. 1974
- c. 1978

**Q No. 5.** Which global environment issue is causing environmental crisis

- a. Global warming
- b. Ozone depletion
- c. Both a) and b)
- d. Neither a) and b)

**Q No. 6.** Name any two factors causing Global warming.

**Q No. 7.** Define environment.

**Q No. 8.** What do you mean by absorptive capacity of environment?

**Q No. 9.** Name any two factors causing land degradation.

**Q No. 10.** Use of liquid fuels in vehicles adds to air pollution. (True/False)

**Q No. 11.** Government set up state pollution control board in 1974 to address two major environmental concerns in India viz. water and air pollution. (True/False)

**Q No. 12.** The agricultural pollution should be controlled by chemical-based fertilizers and pesticides. (True/False)

**Q No. 13.** \_\_\_\_\_ refers to all those conditions, resources or elements of surroundings that influence human being.

**Q No. 14.** Ozone depletion refers to the phenomenon of reduction in the amount of \_\_\_\_\_ in the stratosphere.

**Q No. 15.** \_\_\_\_\_ Capacity means the ability of environment to absorb degradation.

**Q No. 16.** Frequent tropical storms and melting of polar ice are the effects of \_\_\_\_\_.

**Q No. 17.** \_\_\_\_\_ refers to decline in the fertility of land and quality of soil.

### 3/4 Marks Questions

**Q No. 1.** What happens when the rate of resource extraction exceeds that of their re-generation?

**Q No. 2.** How is the opportunity cost of negative Environmental impact high?

**Q No. 3.** What has caused Global Warming?

**Q No. 4.** What has lead to depletion of ozone layer?

**Q No. 5.** Why have some resources become extinct?

**Q No. 6.** Explain the supply-demand reversal of environmental resources.

**Q No. 7.** Define Sustainable Development. What does it aim to ensure?

**Q No. 8.** What is deforestation? Mention its adverse effects.

**Q No. 9.** How does poverty lead to degradation of environment?

**Q No. 10.** State the various causes of land degradation.

### 6 Marks Questions

**Q No. 1.** How has the supply – demand relationship lead to degradation of environment?

**Q No. 2.** Discuss the 2 major environmental issues that the world is facing today?

**Q No. 3.** **“Recently Indians have drifted away from the traditional knowledge and practices and caused large scale damage to environment” Explain how, adopting the traditional practices can be helpful in achieving the objective of sustainable development.**

**Q No. 4.** Highlight any two serious adverse environmental consequences of development in India. India’s environmental problems pose a dichotomy-they are poverty induced and, at the same time, due to affluence in living standards. Is this true?

**Q No. 5.** Explain in brief, the strategies for Sustainable Development.

**Q No. 6.** “Índia’s environmental problems are both poverty induced as well as the consequence of affluence”. Comment.

## **Unit 8: Current Challenges facing Indian Economy**

### **1 Mark questions**

- Q No. 1.** In which year, a program named ‘The Great Leap Forward Campaign’ was initiated by Mao to modernise China’s economy?
- Q No. 2.** Which country has highest Growth rate of Population? (India/China /Pakistan)
- Q No. 3.** Which country has highest Density of Population? (India/China /Pakistan)
- Q No. 4.** Which country has highest Urbanization? (India/China /Pakistan)
- Q No. 5.** Which country has highest sex ratio?? (India/China /Pakistan)
- Q No. 6.** Which country has highest HDI Ranking in 2020? (India/China /Pakistan)
- Q No. 7.** Out of the three nations (India, China and Pakistan) which country has the lowest access to improved sanitation?
- Q No. 8.** In which year did Pakistan introduce the economic reform?
- Q No. 9.** Out of China, Pakistan and India, which country has the largest contribution of the service sector to the GDP?
- Q No. 10.** The Great Leap Forward (GLF) campaign in China focused on  
a) Wide spread industrialisation; b)New agricultural strategy; c) Privatisation; d ) Economic reforms
- Q No. 11.** Which economic model did India and Pakistan adopt after its independence?
- Q No. 12.** In which year did China introduce the economic reform?
- Q No. 13.** In which year did India introduce the economic reform?
- Q No. 14.** In which year did China introduce the Cultural Revolution?
- Q No. 15.** In which year did China introduce the One Child Policy?
- Q No. 16.** What do you mean by the term commune?

### **3/4 Marks Questions**

- Q No. 1.** Give a brief account of qualitative aspect of demographic profile of India during British rule?
- Q No. 2.** Mention the common success story of India & Pakistan.
- Q No. 3.** Mention the common failures of India and Pakistan.
- Q No. 4.** Mention the areas where India has an edge over Pakistan.
- Q No. 5.** Mention the areas where Pakistan has an edge over India.
- Q No. 6.** Mention the areas where China has an edge over India.

- Q No. 7.** Why are regional and economic groupings formed?
- Q No. 8.** Compare between India, China & Pakistan in terms of GDP growth rate.
- Q No. 9.** Compare the structure of growth between India, China, and Pakistan.
- Q No. 10.** What is the important implication of the one child norm in China?
- Q No. 11.** What led to rapid growth in China, even when India, China and Pakistan together adopted the strategy of economic reforms?
- Q No. 12.** Briefly discuss the similarities in the developmental strategies followed by India, Pakistan and China.
- Q No. 13.** Explain the Great Leap Forward Campaign of China as initiated in 1958.

### **6 Marks Questions**

- Q No. 1.** Compare the Demographic profile of India, China, and Pakistan.
- Q No. 2.** Compare parameter of Human development of India, China and Pakistan.
- Q No. 3.** Discuss about the similarities in the development of India, Pakistan and china?
- Q No. 4.** Compare the development strategies followed by India and Pakistan. What are the similarities in the development of India, Pakistan and china?
- Q No. 5.** What are the implications of one child norm in China? & Mention the areas where China has an edge over India.
- Q No. 6.** China's rapid industrial growth can be traced back to its reforms in 1978. Do you agree? Elucidate.
- Q No. 7.** Describe the path of developmental initiatives taken by Pakistan for its economic development.