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OBJECTIVE TYPE QUESTIONS (ECONOMICS)

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CLASS
12
TERM 2

**RACHNA
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Part-I

[Multiple Choice Questions, Assertion-Reason Questions and Case-based Questions]

Part A: Introductory Macroeconomics

1

NATIONAL INCOME AND RELATED AGGREGATES

Multiple Choice Questions

1. Goods purchased for satisfaction of wants are:

- (a) Capital goods
- (b) Final goods
- (c) Consumption goods
- (d) Intermediate goods

Ans. (c)

2. Goods purchased for the following purpose are final goods:

[All India 2017C]

- (a) For satisfaction of wants
- (b) For investment in firm
- (c) Both (a) and (b)
- (d) None of these

Ans. (c)

3. Which of the following is an intermediate good?

- (a) Machine
- (b) Car
- (c) Mobile
- (d) Sugar cane in a sugar Mill

Ans. (d)

4. From the following, identify the stock variable.

- (a) Wealth
- (b) Income
- (c) Savings
- (d) Capital formation

Ans. (a)

5. A quantity measured per unit of time period is known as:

- (a) Stock variable
- (b) Flow variable
- (c) Inventory
- (d) None of these

Ans. (b)

6. 'Income of the family' is an example of which variable?

[KVS]

- (a) Stock
- (b) Flow
- (c) Both (a) and (b)
- (d) Neither (a) nor (b)

Ans. (b)

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7. Which one of the following is a flow variable?

- (a) Consumption
- (b) Wealth
- (c) Quantity of money
- (d) None of these

Ans. (a)

8. Flow of Goods and Services and factors of production across different sectors in a barter economy is known as: [CBSE Sample Paper 2016]

- (a) Circular flow
- (b) Real flow
- (c) Monetary Flow
- (d) Capital Flow

Ans. (b)

9. _____ sector transforms one physical good into another physical good.

- (a) Tertiary
- (b) Secondary
- (c) Primary
- (d) Joint

Ans. (b)

10. Consumption of fixed capital refers to fall in the value of fixed assets due to:

- (a) normal wear and tear
- (b) abnormal wear and tear
- (c) foreseen obsolescence
- (d) normal wear and tear and foreseen obsolescence

Ans. (d)

11. Which of the following leads to depreciation? [KVS]

- (a) Normal wear and tear
- (b) Damages due to floods
- (c) Damages due to market-crash
- (d) None of these

Ans. (a)

12. Inventory is a _____ concept whereas the change in inventory is a _____ concept.

- (a) stock; flow
 - (b) flow; stock
 - (c) stock; stock
 - (d) flow; flow
- [CBSE Sample Paper 2020]

Ans. (a)

13. Which of the following statements is true?

- (a) Bread is always a consumer good.
- (b) All producer goods are not capital goods.
- (c) Transfer income is received for providing a good or service in return.
- (d) Interest paid by a household on car loan from a bank is a factor payment.

Ans. (b)

14. GNP at Market Price is measured as: [KVS]

- (a) GDP at Market Price – Depreciation
- (b) GDP at Market Price + Net Factor Income from Abroad
- (c) GDP at Market Price + Subsidies
- (d) NDP at Factor Cost + Net Factor Income from Abroad

Ans. (b)

15. Value of output is equal to:

- (a) Sales + Change in Stock (b) Sales + Closing Stock
(c) Sales + Opening Stock (d) Sales – Opening Stock

Ans. (a)

16. NVA_{FC} equals:

- (a) Σ Factor Payments
(b) Σ Current Transfer Payments
(c) Σ Capital Transfer Payments
(d) Net Current Transfer from Rest of the World

Ans. (a)

17. NDP_{FC} will be equal to:

- (a) $NDP_{MP} - \text{Indirect Taxes}$ (b) $NDP_{MP} + \text{Subsidies}$
(c) $NDP_{MP} - \text{NIT}$ (d) $NDP_{MP} + \text{Depreciation}$

Ans. (c)

18. Net National Product at Factor cost is called:

- (a) National Income (b) Domestic Income
(c) Personal Income (d) Private Income

Ans. (a)

19. $NI = \text{Domestic Income}$, when:

- (a) Net Factor Income from abroad (NFIA) is positive
(b) NFIA is negative
(c) NFIA is zero
(d) None of these

Ans. (c)

20. Which of the following is a factor payment?

[CBSE 2020]

- (a) Free uniform to defence personnel (b) Salaries to the members of Parliament
(c) Rent paid to the owner of a building (d) Scholarship given to the students

Ans. (d)

21. Product method of calculating national income is also known as:

- (a) Income method (b) Value added method
(c) Expenditure method (d) Distribution method

Ans. (b)

22. The difference between indirect tax and subsidy is known as _____.

- (a) Net Factor Income from Abroad (b) Capital Consumption Allowances
(c) Depreciation (d) Net Indirect Tax

Ans. (d)

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23. Net National Product at Factor Cost (NNP_{FC}) is also known as _____.

- (a) Net Factor Income from Abroad (b) National Income
(c) National cost (d) Net Indirect Tax

Ans. (b)

24. Which of the following items will not be included while calculating NDP_{MP} ?

- (a) Private Final Consumption Expenditure
(b) Consumption of Fixed Capital
(c) Government Final Consumption Expenditure
(d) Net Exports

Ans. (b)

25. Which of the following items will not be included while calculating national income by income method?

- (a) Wages and Salaries (b) Royalty
(c) Scholarship (d) Profit

Ans. (c)

26. Which out of the following is not included in estimation of national income?

- (a) Subsidised Lunch
(b) Old-age Pension
(c) Free medical facilities served in office to employees
(d) Construction of a house

Ans. (b)

27. Foreign embassies in India are a part of India's:

[Delhi 2017C]

- (a) Economic territory (b) Geographical territory
(c) Both (a) and (b) (d) None of these

Ans. (d)

28. With a rise in real national income, welfare of the people:

[All India 2018]

- (a) Rises (b) Falls
(c) Remains unchanged (d) None of these

Ans. (a)

29. Real GDP is considered as an index of:

- (a) Price level in the economy (b) Welfare of the people
(c) Profit maximisation (d) None of these

Ans. (b)

30. Identify the correct pair from the following Column I and Column II:

| Column I | Column II |
|-----------------------|--|
| A. Final goods | (i) Goods which are used for resale in the same year |
| B. Intermediate goods | (ii) Goods which are used for investment |
| C. Consumption goods | (iii) Goods which satisfy the wants of the consumers directly |
| D. Capital goods | (iv) Goods which do not help in the production of other goods and services |

Alternatives:

- (a) A – (i) (b) B – (ii) (c) C – (iii) (d) D – (iv)

Ans. (c)

Assertion-Reason Questions

Note: In the following questions (Q.31 to Q.34), a statement of assertion followed by a statement of reason is given. Choose the correct answer out of the following choices.

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
- (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
- (c) Assertion (A) is true but Reason (R) is false
- (d) Assertion (A) is false but Reason (R) is true

31. **Assertion (A):** Machine purchased is always a final good.

Reason (R): Final goods directly satisfy the needs of consumers or investment on fixed assets.

Ans. (d)

32. **Assertion (A):** Stationary purchased in a school is an intermediate good.

Reason (R): Intermediate goods once used in production lose their utility.

Ans. (a)

33. **Assertion (A):** Car purchased by a taxi driver to use as a taxi is a consumer good.

Reason (R): Consumer goods are those which directly satisfy the wants of consumers.

Ans. (d)

34. **Assertion (A):** Scholarship given by government to the students is a factor payment.

Reason (R): Factor payments are payment to someone for contribution in production of goods and services.

Ans. (d)

Case-based Questions

35. Read the following news report and answer the questions that follow.

In India, flattening sequential recovery, accelerating inflation and a weak labour market will continue to act as an impediment to sustained economic revival. Capital goods and consumer durable goods have witnessed negative growth rate in double digits. The government might also need to look at policies to boost consumption by the poor, who have a much higher Marginal Propensity to Consume rather than thinking about the relatively well off, such as government employees, who were the target of expenditure boosting measures. Overall, the amount of demand stimulus is underwhelming and we view the impact on both fiscal and growth as quite limited.

Hindustan Times; October 13th, 2020

- (a) Refrigerator purchased by a confectionery shop is a _____ good.
- | | |
|-------------------|--------------------|
| (i) capital | (ii) intermediate |
| (iii) non-durable | (iv) None of these |
- (b) Which of the following is/are non-durable good(s)?
- | | |
|-------------------------|--------------------|
| (i) Milk | (ii) Bread |
| (iii) Both (i) and (ii) | (iv) None of these |
- (c) Real growth of an economy can only be measured through _____ at constant prices.
- | | |
|-----------------------|----------------------|
| (i) per capita income | (ii) national income |
| (iii) nominal income | (iv) real income |
- (d) Goods purchased for _____ purpose are final goods.
- | | |
|---------------------------|-------------------------|
| (i) satisfaction of wants | (ii) investment in firm |
| (iii) Both (i) and (ii) | (iv) None of these |

- Ans.** (a) (i) capital (b) (iii) Both (i) and (ii)
 (c) (ii) national income (d) (iii) Both (i) and (ii)

36. Read the following news report and answer the questions that follow.

In India, *yoga* was significantly observed in Delhi, with more than 3500 people, including dignitaries from 84 nations and the Prime Minister Narendra Modi. It was organised by the Ministry of AYUSH. It widely publicised through campaigns on various media to spread awareness about the benefits of *yoga* among the masses. T-shirts with the *yoga* day logo, *yoga* mats and other related items were distributed to the enthusiasts. Trained *yoga* experts were appointed to help beginners who participated in the event.

- (a) Government expenditure to popularise *yoga* among the masses _____ the welfare of the people.
- | | |
|---------------------|-------------------------|
| (i) increases | (ii) decreases |
| (iii) do not effect | (iv) Either (i) or (ii) |
- (b) The term 'welfare' refers to:
- | | |
|---|--|
| (i) sense of pride in the nation. | (ii) increase in purchase of services. |
| (iii) sense of well-being among the people. | (iv) strict control by the government. |

- (c) GDP at current price is also called _____.
- (i) real GDP (ii) national income
(iii) nominal GDP (iv) per capita income
- (d) Expenditure done by the Government on popularising *yoga* should be included in the estimation of _____.
- (i) real income (ii) nominal income
(iii) per capita income (iv) national income

- Ans.** (a) (i) increases
(b) (iii) sense of well-being among the people.
(c) (iii) nominal GDP
(d) (iv) national income

37. Read the following news report and answer the questions that follow.

There are three main justifications for imposing a tax on a specific good. Firstly, it raises money for the government. Secondly, its use inflicts costs on third parties that are not factored into its price. The third rationale for imposing sin taxes is to discourage the use of undesirable goods. Critics of such taxes have argued that they are ineffective because the goods they target tend to be addictive, making consumers relatively unresponsive to changes in price. In fact, study after study has shown that sin taxes do tend to reduce consumption.

Without intervention from the government, the economy will produce too many goods that foul up the atmosphere and that benefits both manufacturers and consumers, but harms everyone who breathes in the by-products. Proponents of so-called “sin taxes” apply this logic to goods deemed to be socially undesirable. Many studies have a tendency to overstate the magnitude of such externalities, since they present gross costs instead of net ones.

The Economist; July 31st, 2018

- (a) Intermediate consumption refers to the use of _____ goods in the production process.
- (i) durable (ii) capital
(iii) intermediate (iv) public
- (b) Goods purchased for the satisfaction of wants are:
- (i) Capital goods (ii) Final goods
(iii) Consumption goods (iv) None of these
- (c) ‘Pollution created by factories/vehicles’ is an example of _____ externality.
- (i) positive (ii) negative
(iii) Either (i) or (ii) (iv) Neither (i) nor (ii)
- (d) Total addition of capital goods to the existing stock of capital during the given year is known as:
- (i) Depreciation (ii) Gross costs
(iii) Gross investment (iv) Net investment

- Ans.** (a) (ii) intermediate (b) (iii) Consumption goods
(c) (ii) negative (d) (iii) Gross investment

3

DETERMINATION OF INCOME AND EMPLOYMENT

Multiple Choice Questions

1. According to which economist, national income can be determined even below the full employment level?

- (a) Adam Smith (b) JM Keynes
(c) JB Say (d) Haroon Kurtz

Ans. (b)

2. Aggregate demand can be increased by:

[Delhi 2017]

- (a) increasing bank rate
(b) selling government securities by Reserve Bank of India
(c) increasing cash reserve ratio
(d) None of these

Ans. (d)

3. Which of the following are the components of aggregate demand?

- (a) Household Consumption Expenditure and Investment Expenditure
(b) Government Consumption Expenditure and Net Exports
(c) Both (a) and (b)
(d) Neither (a) nor (b)

Ans. (c)

4. Value of aggregate supply equals:

- (a) National Income (b) Domestic Income
(c) Private Income (d) Personal Income

Ans. (a)

5. Consumption function is a functional relationship between:

[KVS]

- (a) Income and Saving (b) Price and Consumption
(c) Income and Consumption (d) Income, Consumption and Saving

Ans. (c)

6. At the break-even point:

- (a) Consumption > Income (b) Consumption = Income
(c) Consumption < Income (d) None of these

Ans. (b)

7. Average Propensity to Consume (APC) is equal to:

[KVS]

(a) $\frac{\text{Income (Y)}}{\text{Consumption (C)}}$

(b) $\frac{\text{Change in Income } (\Delta Y)}{\text{Change in Consumption } (\Delta C)}$

(c) $\frac{\text{Consumption (C)}}{\text{Income (Y)}}$

(d) $\frac{\text{Change in Consumption } (\Delta C)}{\text{Change in Income } (\Delta Y)}$

Ans. (c)

8. Average Propensity to Save (APS) is equal to:

(a) $\frac{\text{Income (Y)}}{\text{Saving (S)}}$

(b) $\frac{\text{Change in Income } (\Delta Y)}{\text{Change in Saving } (\Delta S)}$

(c) $\frac{\text{Saving (S)}}{\text{Income (Y)}}$

(d) $\frac{\text{Change in Saving } (\Delta S)}{\text{Change in Income } (\Delta Y)}$

Ans. (c)

9. Out of the following, whose value can be greater than one?

- (a) APC (b) MPC (c) APS (d) MPS

Ans. (a)

10. Suppose in a hypothetical economy, the income rises from ₹ 5,000 crores to ₹ 6,000 crores. As a result, the consumption expenditure rises from ₹ 4,000 to ₹ 4,600 crores. Marginal Propensity to Consume in such a case would be _____.

[Delhi 2019]

- (a) 0.8 (b) 0.4 (c) 0.2 (d) 0.6

Ans. (d)

11. When the value of MPC is 0.7, the value of MPS will be:

- (a) 0.3 (b) 1.0 (c) Zero (d) 0.8

Ans. (a)

12. If MPC = 0, the value of multiplier is:

[Foreign 2015]

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

Ans. (b)

13. There is an inverse relationship between multiplier and:

- (a) MPS (b) MPC (c) APC (d) None of these

Ans. (a)

14. The value of multiplier is:

[Delhi 2015]

(a) $\frac{1}{\text{MPC}}$

(b) $\frac{1}{\text{MPS}}$

(c) $\frac{1}{1 - \text{MPS}}$

(d) $\frac{1}{\text{MPC} - 1}$

Ans. (b)

15. When MPS = 0, then k is:

- (a) 1 (b) 0 (c) ∞ (d) None of these

Ans. (c)

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16. If $MPC = 1$, the value of multiplier is:

[All India 2015]

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

Ans. (d)

17. If MPC is 40 per cent, MPS will be:

[KVS]

- (a) 70 per cent
- (b) 60 per cent
- (c) 50 per cent
- (d) 40 per cent

Ans. (b)

18. At the break-even point, Savings in the economy are:

- (a) Positive
- (b) Zero
- (c) Negative
- (d) Maximum

Ans. (b)

19. According to the Keynesian Theory, in the short period:

- (a) AS is assumed to be given
- (b) AD is assumed to be given
- (c) Both are assumed to be given
- (d) Nothing is assumed to be given

Ans. (a)

20. Full employment implies absence of:

- (a) Voluntary unemployment
- (b) Involuntary unemployment
- (c) Unemployment
- (d) None of these

Ans. (b)

21. In case of an underemployment equilibrium, which of the following alternative is not true?

[CBSE 2020]

- (a) Aggregate demand is equal to Aggregate supply.
- (b) There exist excess production capacity in the economy.
- (c) Resources are not fully and efficiently utilised.
- (d) Resources are fully and efficiently utilised.

Ans. (d)

22. A situation when the workers are willing to work under any conditions and at any wage rate but they fail to get employment, it is called:

- (a) Voluntary Unemployment
- (b) Involuntary Unemployment
- (c) Cyclical Unemployment
- (d) Frictional Unemployment

Ans. (b)

23. Name the situation under which aggregate demand exceeds aggregate supply at the full employment level.

- (a) Excess demand
- (b) Excess supply
- (c) Deflationary gap
- (d) None of these

Ans. (a)

24. Name the situation under which aggregate demand falls short of aggregate supply at full employment level.

- (a) Excess demand (b) Excess supply
(c) Inflationary gap (d) None of these

Ans. (b)

25. In a situation of 'inflationary gap' at the full employment level of income:

- (a) $AD > AS$ (b) $AD = AS$
(c) $AD < AS$ (d) None of these

Ans. (a)

26. In a situation of 'deficient demand' at the full employment level of income:

- (a) $AD = AS$ (b) $AD < AS$
(c) $AD > AS$ (d) None of these

Ans. (b)

27. Which out of the following is a monetary measure to correct deficient demand?

- (a) Reduce government spending (b) Increase bank rate
(c) Lowering margin requirements (d) None of these

Ans. (c)

28. Which of the following is the remedy for inflationary gap?

- (a) Raising repo rate
(b) Increase in bank rate
(c) Reduction in government expenditure
(d) All of these

Ans. (d)

29. Which of the following are qualitative measures of central bank to control credit in the economy?

- (a) Moral suasion (b) Margin requirements
(c) Both (a) and (b) (d) Neither (a) nor (b)

Ans. (c)

30. Identify the correct pair from the following Column I and Column II:

| Column I | Column II |
|--------------------------------|--|
| A. At break-even point | (i) $C = Y$ |
| B. Value of aggregate supply | (ii) Equals to domestic income |
| C. Marginal Propensity to Save | (iii) Ratio of change in savings to change in income |
| D. Consumption function | (iv) relationship between consumption and saving |

Alternatives:

- (a) A – (i) (b) B – (ii) (c) C – (iii) (d) D – (iv)

Ans. (a)

14 Objective Type Questions—12

Assertion-Reason Questions

Note: In the following questions (Q.31 to Q.34), a statement of assertion followed by a statement of reason is given. Choose the correct answer out of the following choices.

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
- (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
- (c) Assertion (A) is true but Reason (R) is false
- (d) Assertion (A) is false but Reason (R) is true

31. Assertion (A): Aggregate demand means demand of an economy.

Reason (R): Export is one of the components of aggregate demand.

Ans. (d)

32. Assertion (A): Consumption and investment are the two components of aggregate demand in a closed economy.

Reason (R): Aggregate demand curve always start from origin with a positive slope.

Ans. (c)

33. Assertion (A): Average Propensity to Consume can be greater than one.

Reason (R): Consumption can be greater than income in an economy.

Ans. (a)

34. Assertion (A): Sum of APC and APS is equal to one.

Reason (R): Income of an economy is either saved or consumed.

Ans. (a)

Case-based Questions

35. Read the following news report and answer the questions that follow.

“COVID has a significant deflationary impact because demand especially for non-essential or discretionary goods and services will go down significantly. Therefore, it is unlikely that there would be too much inflationary impact through fiscal deficit or stimulus package,” Subramanian told in an interview. The proposed stimulus package will generate demand by infusing liquidity into the system and thus perk up the economy, the CEA said.

- (a) Deficiency of demand creates _____ gap in the economy.
 - (i) inflationary
 - (ii) deflationary
 - (iii) Either (i) or (ii)
 - (iv) Neither (i) nor (ii)
- (b) Demand for _____ goods has gone significantly down during COVID period.
 - (i) non-essential
 - (ii) essential
 - (iii) Both (i) and (ii)
 - (iv) None of these

- (c) The proposed stimulus package has tried to create _____ demand in the economy.
 (i) more (ii) less
 (iii) no (iv) None of these
- (d) Inflationary gap:
 (i) raises the level of output. (ii) does not change the level of output.
 (iii) raises the general price level. (iv) Both (ii) and (iii)

- Ans.** (a) (ii) deflationary (b) (i) non-essential
 (c) (i) more (d) (iv) Both (ii) and (iii)

36. Read the following news report and answer the questions that follow.

India's record pump prices of gasoline and diesel are the newest threat to the economy's nascent recovery, as high local taxes on retail fuel risk fanning inflation and driving a wedge between the objectives of fiscal and monetary policymakers.

Gasoline prices were at an all-time high of 97.6 rupees (\$1.3) a litre in Mumbai Tuesday, while diesel sold for a record 88.6 rupees, data from state-run Indian Oil Corporation show. Taxes make up more than half of that cost and represent a sore point for the inflation-targeting Reserve Bank of India, which has vowed to keep borrowing costs low for as long as needed to support economic growth.

- (a) Fiscal policy is a policy undertaken by:
 (i) Central Bank (ii) Government
 (iii) Both of these (iv) None of these
- (b) To reduce the price level of petrol, government should:
 (i) Increase taxes (ii) Decrease taxes
 (iii) Increase borrowings (iv) Decrease borrowings
- (c) Monetary policy tool used by the Central Bank to curtail inflation is:
 (i) Sell bonds (ii) Increase CRR
 (iii) Increase repo rate (iv) All of these
- (d) When inflationary gap persists in the economy, what is the impact on price, output and employment level?
 (i) Rise in prices, output and employment
 (ii) Fall in prices, output and employment
 (iii) Rise in prices, no change in output and employment
 (iv) Fall in prices, no change in output and employment

- Ans.** (a) (ii) Government
 (b) (ii) Decrease taxes
 (c) (iv) All of these
 (d) (iii) Rise in prices, No change in output and employment

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37. Read the following news report and answer the questions that follow.

The Reserve Bank of India, in its monetary policy meet decided to keep the key policy rates unchanged after two emergency rate cuts amid the COVID-19 disruptions and its ensuing economic fall out. Consequently, the repo rate stands unchanged at 4% and the reverse repo rate at 3.35%. RBI noted that the economic activity had started to recover from the lows of April-May. Meanwhile, migrant labour is returning to work in urban areas, and factories and construction activities are coming back to life. This is also reflected in rising levels of energy consumption and population mobility. In cities, traffic intensity is rising rapidly; online commerce is booming; and people are getting back to offices. The mood of the nation has shifted from fear and despair to confidence and hope. Some of this optimism is being reflected in people's expectations. In September 2020 round of the RBI's survey, households expect inflation to decline modestly over the next three months, indicative of hope that supply chains are mending.

- (a) Cut in the repo rate and reverse repo rate lead to _____ and _____ in credit in the economy respectively.
- (i) increase; increase (ii) increase; decrease
(iii) decrease; decrease (iv) decrease; increase
- (b) Why did Monetary Policy Committee keep its policy rate unchanged in recent meet?
- (i) Due to recovery in economic activities
(ii) To avoid unnecessarily inflation
(iii) Because of irrational decision of committee
(iv) Both (i) and (ii)
- (c) Excess demand in an economy leads to:
- (i) Increase in general price level
(ii) Increase in national income
(iii) Increase in employment
(iv) All of these
- (d) Which of the following is not a monetary measure adopted by Reserve Bank of India?
- (i) Change in cash reserve ratio
(ii) Change in bank rate
(iii) Change in public expenditure
(iv) Change in open market operations

- Ans.** (a) (i) increase; increase
(b) (iv) Both (i) and (ii)
(c) (i) Increase in general price level
(d) (iii) Change in public expenditure

Part B: Indian Economic Development

7

CURRENT CHALLENGES FACING THE INDIAN ECONOMY

Multiple Choice Questions

1. The formula to calculate workforce participation rate is:

- (a) $\frac{\text{Workforce}}{\text{Total Population}} \times 100$
(b) $\frac{\text{Number of unemployed persons}}{\text{Labour force}} \times 100$
(c) Workforce + Number of people who are willing to work but are unemployed
(d) $\frac{\text{Workforce}}{\text{Labour force}} \times 100$

Ans. (c)

2. _____ is an indicator which is used for analysing employment situation in India.

- (a) Work Force Participation Rate (b) Worker Population Ratio
(c) Labour Force Participation Rate (d) Both (a) and (b)

Ans. (d)

3. Supply of labour corresponding to different wage rates is referred as:

- (a) Labour supply (b) Labour force
(c) Participation rate (d) Work force

Ans. (a)

4. Workers who are on permanent pay-roll of their employer are called:

- (a) Self-employed workers (b) Casual workers
(c) Regular workers (d) None of these

Ans. (c)

5. Those who do not get any pension or gratuity benefits are known as:

- (a) Self-employed workers (b) Regular workers
(c) Casual workers (d) Unemployment

Ans. (c)

6. Men get opportunity to work in:

- (a) Primary sector (b) Secondary sector
(c) Service sector (d) Both (a) and (c)

Ans. (d)

18 Objective Type Questions—12

7. Agriculture labourers, farmers, owners of small enterprises which employ less than 10 workers fall in the category of:

- (a) formal sector
- (b) informal sector
- (c) casual workers
- (d) regular workers

Ans. (b)

8. Jobless growth leads to unemployment because:

- (a) Labour refuses to migrate
- (b) Labour is very expensive
- (c) GDP growth is slow
- (d) Growth is due to technology

Ans. (d)

9. Due to the recent efforts of which international body, the Indian government initiated the modernisation of informal sector?

- (a) World Bank
- (b) WTO
- (c) International Labour Organisation
- (d) G-20

Ans. (c)

10. After the workers lost their jobs in 1980s, which city experienced an economic recession and communal riots?

- (a) Ahmedabad
- (b) Mumbai
- (c) Prayagraj
- (d) Bengaluru

Ans. (a)

11. Find the odd one out.

- (a) A private school teacher in a school
- (b) A nurse in a government hospital
- (c) Cycle-rickshaw puller
- (d) A civil engineer working in a construction company which has 10 workers

Ans. (c)

12. Unemployment is defined as the section of the population:

- (a) that is not capable of being employed.
- (b) willing to work but unable to find employment.
- (c) that is waiting to be employed.
- (d) that are without the skills needed by employers.

Ans. (b)

13. Unemployed people in India are calculated as:

- (a) Work Force – Labour Force
- (b) Labour Force – Work Force
- (c) Labour Force + Work Force
- (d) None of these

Ans. (b)

14. Unemployment refers to people:

- (a) who are not willing to work
- (b) who are willing but do not get work
- (c) who leave their jobs in search of better ones
- (d) who have been dismissed because of incorrect practice

Ans. (b)

15. Data on unemployment in India can be obtained from which source?

- (a) Reports of Census of India
- (b) National Sample Survey Organisation (NSSO)
- (c) Directorate General of Employment
- (d) All of these

Ans. (d)

16. _____ infrastructure is essential for the development of a country.

- (a) Social
- (b) Economic
- (c) Health
- (d) Both (a) and (b)

Ans. (d)

17. Which of the following statements is not correct with regard to infrastructure?

- (a) Infrastructure contributes to economic development.
- (b) Infrastructure provides support services.
- (c) All infrastructural facilities have a direct impact on the production of goods and services.
- (d) Inadequate infrastructure can have multiple adverse effects on health.

Ans. (c)

18. Essential indicator of good health in a country is increase in _____.

- (a) death rate
- (b) infant mortality rate
- (c) expectancy of life
- (d) incidence of deadly diseases

Ans. (c)

19. Which of the following is not a function of primary health care?

- (a) Spreading education concerning prevailing health problems
- (b) Promoting food supply and proper nutrition
- (c) Conducting research
- (d) Providing essential drugs

Ans. (c)

20. ISM stands for:

- (a) Indian System of Medicine
- (b) International System of Medicine
- (c) Indian Standard of Medicine
- (d) None of these

Ans. (a)

21. Indian System of Medicine consists of six system of Indian medicine called _____.

- (a) ACCORD
- (b) AYNUSH
- (c) AYUSH
- (d) None of these

Ans. (c)

22. Which one of the following organisations regulates the health sector in India? [CBSE 2020]

- (a) ICMR
- (b) UGC
- (c) AICTE
- (d) RBI

Ans. (a)

20 Objective Type Questions—12

23. *Kashtakari Sanghatana* operates in:

- (a) Maharashtra
- (b) Gujarat
- (c) Chhattisgarh
- (d) Madhya Pradesh

Ans. (a)

24. Environment includes _____.

- (a) Biotic factors
- (b) Abiotic factors
- (c) Both (a) and (b)
- (d) None of these

Ans. (c)

25. When was the Environment Protection Act passed?

[KVS]

- (a) 1984
- (b) 1986
- (c) 1988
- (d) 1990

Ans. (b)

26. Environment is able to perform its functions easily as long as the demand on these functions is within its _____.

- (a) Carrying capacity
- (b) Absorptive capacity
- (c) Both (a) and (b)
- (d) None of these

Ans. (a)

27. Absorptive capacity is defined as:

- (a) ability of the environment to absorb degradation.
- (b) resource generation within the assimilating capacity of the environment.
- (c) average number of organisms living in a given environment.
- (d) the minimum population surviving in the world as a whole.

Ans. (a)

28. 'Carrying capacity of the environment is like a plimsoll line of the ship.' This statement is given by:

- (a) Brundtland Commission
- (b) Herman Daly
- (c) Edward Barbier
- (d) None of these

Ans. (b)

29. Which of the following is a biotic component of environment?

[KVS]

- (a) Bacteria
- (b) Animal
- (c) Humans
- (d) Minerals

Ans. (d)

30. Which of the following statements is correct?

- (a) Global warming is entirely a natural phenomenon.
- (b) Global warming is simply another term used for green house effect.
- (c) Global warming is the rise in average temperature at the earth's surface.
- (d) Global warming is caused by ozone depletion.

Ans. (c)

31. In 1997, a UN conference on climate change was held in _____.

- (a) Japan (b) India
(c) Germany (d) China

Ans. (a)

32. _____ protocol was initiated to control ozone depletion.

- (a) Kyoto (b) Montreal
(c) United Nations (d) Simphal

Ans. (b)

33. Banning the use of chlorofluorocarbon compounds and other chlorine and bromine compounds is called:

- (a) Chipko Movement (b) Apiko Movement
(c) Montreal Protocol (d) None of these

Ans. (c)

34. Central Pollution Control Board (CPCB) looks after mainly:

- (a) Water pollution (b) Air pollution
(c) Noise pollution (d) Both (a) and (b)

Ans. (d)

35. Global Burden of Diseases (GBDs) are mainly caused because of _____.

- (a) Communicable disease (b) Non-communicable disease
(c) Both (a) and (b) (d) Neither (a) nor (b)

Ans. (b)

36. World's total iron-ore reserves accounted by India are nearly _____.

- (a) 10% (b) 20%
(c) 30% (d) 40%

Ans. (b)

37. Which of the following is not used as a strategy for sustainable development? [CBSE 2020]

- (a) Use of biogas (b) Use of solar power
(c) Use of thermal power (d) Use of hydel power

Ans. (c)

38. Which are the catch phrases in the following UNCED definition of Sustainable Development:

“Development that meets the need of the present generation without compromising the ability of the future generation to meet their own needs.”

- (a) need (b) future generation
(c) need and present generation (d) need and future generation

Ans. (d)

Assertion-Reason Questions

Note: In the following questions (Q.39 to Q.44), a statement of assertion followed by a statement of reason is given. Choose the correct answer out of the following choices.

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
- (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
- (c) Assertion (A) is true but Reason (R) is false
- (d) Assertion (A) is false but Reason (R) is true

39. Assertion (A): All those who are engaged in economic activities are workers.

Reason (R): Economic activities are those which contribute to gross national product.

Ans. (a)

40. Assertion (A): Workforce in rural areas is more than urban areas in India.

Reason (R): More people reside in rural areas in India.

Ans. (a)

41. Assertion (A): Infrastructure contributes to economic development of a country.

Reason (R): Infrastructure decreases morbidity.

Ans. (a)

42. Assertion (A): India invests more percentage of its GDP on infrastructure as compared to China.

Reason (R): Chinese have more access to safe drinking water than India.

Ans. (d)

43. Assertion (A): Environment includes biotic and abiotic factors.

Reason (R): Abiotic factors are sunlight and rocks.

Ans. (b)

44. Assertion (A): Global warming is one of the harmful effect of environment degradation.

Reason (R): Global warming melt the polar ice which may result into coastal flooding.

Ans. (a)

Case-based Questions

45. Read the following case study carefully and answer the questions that follow.

There has been a change in the structure of workforce in India. Newly emerging jobs are found mostly in the service sector. The expansion of the service sector and the advent of high technology now frequently permit a highly competitive existence for efficient small scale and individual enterprises or specialist workers side by side with MNCs. 'Outsourcing' work is becoming a common practice.

- (a) Which of the following sectors is providing more employment opportunities in India at present?
- (i) Industries (ii) Agriculture
(iii) Services (iv) Both (i) and (ii)
- (b) Outsourcing is an outcome of _____ .
- (i) licensing (ii) permit
(iii) globalisation (iv) All of these
- (c) Which of the following sector has engaged more workforce in India?
- (i) Formal sector (ii) Informal sector
(iii) Government sector (iv) None of these
- (d) Which of the following is the advantage of outsourcing to India?
- (i) Increased employment opportunities
(ii) Increase GDP
(iii) Improvement in technical know-how
(iv) All of these

- Ans.** (a) (iii) Services (b) (iii) globalisation
(c) (ii) Informal sector (d) (iv) All of these

46. Read the following case study carefully and answer the questions that follow.

Infrastructure is the support system on which depends the efficient working of a modern industrial economy. Modern agriculture also largely depends on it for speedy and large-scale transport of seeds, pesticides, fertilisers and the produce using modern roadways, railways and shipping facilities. It has also to operate on a very large scale.

- (a) Which of the following is not an economic infrastructure?
- (i) Energy (ii) Transport
(iii) Health (iv) Communication
- (b) Development of which sector does not depend upon infrastructure?
- (i) Primary (ii) Secondary
(iii) Tertiary (iv) None of these
- (c) Infrastructure that directly help in production is:
- (i) economic infrastructure (ii) social infrastructure
(iii) Both (i) and (ii) (iv) None of these
- (d) Infrastructure helps in:
- (i) improving standard of living (ii) improving quality of life
(iii) Both (i) and (ii) (iv) None of these

- Ans.** (a) (iii) Health (b) (iv) None of these
(c) (i) economic infrastructure (d) (iii) Both (i) and (ii)

24 Objective Type Questions—12

47. Read the following case study carefully and answer the questions that follow.

In recent times, private sector has been playing a dominant role in medical education and training, medical technology and diagnostics, manufacture and sale of pharmaceuticals, hospital construction and the provision of medical services. Private sector in India has grown independently without any major regulation. Since the 1990s, owing to the 'liberalisation' measures many NRIs and industrial companies have set up 'State-of-the-Art' super speciality hospitals to attract India's rich and medical tourists.

- (a) Why is there need for government interference in health sector?
- (i) To control monopoly of private sector
 - (ii) Health gives private as well as social benefits
 - (iii) To control exploitation by private sector
 - (iv) All of these
- (b) Which country has least number of medical tourist in India?
- (i) Sri Lanka
 - (ii) Bangladesh
 - (iii) Pakistan
 - (iv) USA
- (c) Super speciality hospitals are run by:
- (i) private sector
 - (ii) government sector
 - (iii) Both (i) and (ii)
 - (iv) only foreign companies
- (d) Which of the following is government intervention in health sector in India?
- (i) National Council for Education, Research and Training
 - (ii) Indian Council for Medical Research
 - (iii) University Grant Commission
 - (iv) None of these

- Ans.** (a) (iv) All of these (b) (iv) USA
(c) (iii) Both (i) and (ii) (d) (ii) Indian Council for Medical Research

48. Read the following case study carefully and answer the questions that follow.

Economic development which aimed at increasing the production of goods and services to meet the needs of a rising population, puts greater pressure on the environment. In the initial stages of development, the demand for environmental resources was less than that of supply. Now the world today is faced with increased demand for environmental resources but their supply is limited, due to overuse and misuse. Sustainable development aims at promoting the kind of development that minimises environmental problems and meets the needs of the present generation without compromising the ability of the future generation to meet their own needs.

- (a) Development that increase production of goods and services for rising population is called:
- (i) sustainable development
 - (ii) economic development
 - (iii) social development
 - (iv) None of these

- (b) Which of the following is the reason of environment degradation?
- (i) Demand of resources is more than supply at present
 - (ii) Poverty leads to environment degradation.
 - (iii) Affluent consumption standard of rich leads to environment degradation.
 - (iv) All of these
- (c) Sustainable development means:
- (i) minimising environment problems
 - (ii) meeting the needs of present generation without compromising the needs of future generation
 - (iii) Both (i) and (ii)
 - (iv) None of these
- (d) Which of the following is not a function of environment?
- (i) It supplies resources.
 - (ii) It provides asthetic services.
 - (iii) It sustains life.
 - (iv) None of these
- Ans.** (a) (ii) economic development (b) (iv) All of these
(c) (iii) Both (i) and (ii) (d) (iv) None of these



DEVELOPMENT EXPERIENCES OF INDIA—A COMPARISON WITH NEIGHBOURS

Multiple Choice Questions

1. India is not a member of which of the following regional/global economic grouping?

[CBSE 2020]

- (a) SAARC (b) BRICS
(c) G-7 (d) G-20

Ans. (c)

2. Which of the following countries initiated its process of economic reforms in the year 1991?

- (a) Pakistan (b) India
(c) Russia (d) China

Ans. (b)

3. Pakistan introduced its economic reforms in the year _____.

- (a) 1974 (b) 1976
(c) 1978 (d) 1988

Ans. (d)

4. Which of the following countries started nationalisation of capital goods industries in 1970s?

- (a) India (b) Pakistan
(c) China (d) USA

Ans. (b)

5. Introduction of Economic Reforms in China took place in the year _____. [CBSE 2020]

- (a) 1978 (b) 1980
(c) 1988 (d) 1991

Ans. (a)

6. One child policy was adopted by China in _____.

- (a) 1972 (b) 1975
(c) 1979 (d) 1982

Ans. (c)

7. In China, commune system is related to _____ sector.

[CBSE 2020C]

- (a) agriculture (b) industry
(c) services (d) informal

Ans. (a)

8. _____ adopted 'One Child Policy' as a measure to control population.

[CBSE Sample Paper 2020]

- (a) India (b) Pakistan (c) China (d) Russia

Ans. (c)

9. Mao initiated the 'Great Leap Forward' campaign in the year _____ .

- (a) 1951 (b) 1955 (c) 1958 (d) 1962

Ans. (c)

10. 'GLF' with respect to the People's Republic of China referred to as _____ .

- (a) Giant Leap Forward (b) Great Lead Forum
(c) Great Leap Forward (d) Giant Lead Forum

Ans. (c)

11. A campaign in China in 1958 where people were encouraged to set up industries in their backyard was named as:

- (a) Great Leap Forward (b) Great Proletarian Cultural Revolution
(c) Anti-Rightist movement (d) Four Pests Campaign

Ans. (a)

12. In which of the following areas does India has advantage over Pakistan?

- (a) Health facilities (b) Skilled manpower
(c) Education (d) All of these

Ans. (d)

13. In which of the following areas, Pakistan has an edge over India?

- (a) Export of software after economic reforms
(b) Number of Ph.d's produced in science and engineering every year
(c) Reducing the proportion of population below poverty line
(d) All of these

Ans. (c)

14. Which of the following countries has shown the brighter signs of urbanisation?

- (a) India (b) China
(c) Pakistan (d) Both (b) and (c)

Ans. (d)

15. According to demographic parameters, the density of population is lowest in:

- (a) China (b) India
(c) Pakistan (d) Both (b) and (c)

Ans. (a)

16. China moving ahead of India and Pakistan is true for which indicator?

- (a) GDP per capita (b) Proportion of population below poverty line
(c) HDI ranking (d) All of these

Ans. (d)

28 Objective Type Questions—12

17. _____ is a geographical region that has economic laws different from the country's having typical economic laws.

- (a) SEZ (b) GLF (c) NEP (d) None of these

Ans. (a)

18. System where farmers and industrial units were to buy and sell fixed quantities of raw material and products on the basis of price fixed by government was termed as:

- (a) Special Economic Zones (b) Great Leap Forward
(c) Dual Pricing (d) Great Proletarian Cultural Revolution

Ans. (c)

19. Growth rate of population is highest in which of the following countries?

- (a) India (b) Pakistan (c) China (d) All of these

Ans. (b)

20. Nations are forming regional and global economic groupings for:

- (a) strengthening their own economies
(b) to understand developmental processes of their neighbouring nations
(c) Both (a) and (b)
(d) None of these

Ans. (c)

21. Which of the following is not a global economic grouping?

- (a) SAARC (b) ASEAN (c) BRICS (d) None of these

Ans. (d)

22. In BRICS Nations, "S" stands for:

- (a) Singapore (b) Sri Lanka (c) Syria (d) South Africa

Ans. (d)

23. Which of the following country left G-8?

- (a) USA (b) France (c) Germany (d) Russia

Ans. (d)

24. Which of the following countries is recently shifted from command economy towards a democratic system?

- (a) India (b) Pakistan (c) China (d) None of these

Ans. (c)

25. In which sector reforms were not introduced in China in the initial phase?

- (a) Agriculture (b) Industries (c) Foreign trade (d) Investment

Ans. (b)

26. What is the full form of PPP in terms of Gross Domestic Product?

- (a) Public Private Partnership (b) Purchasing Power Parity
(c) Purchasing Power Price (d) None of these

Ans. (b)

27. Arrange the following events of Pakistan in chronological order and choose the correct alternative:

- (i) Nationalisation of capital goods industries
- (ii) First Five Year Plan
- (iii) Fertility Rate in Pakistan was 3.7
- (iv) Agriculture grew at the rate of 4%

Choose the correct alternative:

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

Ans. (a)

28. Arrange the following events of China 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 alternative:

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

Ans. (b)

29. Arrange the following events of India 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 alternative:

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

Ans. (d)

30. Identify the correct pair from the following Column I and Column II:

| Column I | Column II |
|----------|--|
| A. G-8 | (i) It was initially formed in 1970 with four member countries. |
| B. SAARC | (ii) It was formed on the proposal of Zia-ur-Rahman, the President of Bangladesh |
| C. ASEAN | (iii) It is headquartered in Shanghai. |
| D. BRICS | (iv) It is headquartered in Zakarta. |

Alternatives:

- (a) A – (i)
- (b) B – (ii)
- (c) C – (iii)
- (d) D – (iv)

Ans. (b)

Assertion-Reason Questions

Note: In the following questions (Q.31 to Q.34), a statement of assertion followed by a statement of reason is given. Choose the correct answer out of the following choices.

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
- (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
- (c) Assertion (A) is true but Reason (R) is false
- (d) Assertion (A) is false but Reason (R) is true

31. Assertion (A): Great Proletarian Cultural Revolution was started in the year 1966 in China.
Reason (R): It aimed at industrialising the country on a massive scale.

Ans. (c)

32. Assertion (A): In China, reforms initiated in 1978.
Reason (R): China joined World Trade Organisation (WTO) in the year 2001.

Ans. (b)

33. Assertion (A): Pakistan shifted its policy orientation in late 1970s and 1980s.
Reason (R): A variety of regulated policy framework after independence lead to slow growth of Pakistan.

Ans. (a)

34. Assertion (A): The growth rate of population of Pakistan is lowest as compared to India and China in 2017-18.
Reason (R): China adopted one child policy to control population in the year 1979.

Ans. (d)

Case-based Questions

35. Read the following case study carefully and answer the questions that follow.

The Eleventh Central Committee of the Communist Party of China (CPC) held its third plenum from 18 to 22 December 1978. This meeting reestablished an older CPC ideological line of 'seeking truth from facts'. It decided to shift the focus from political movement to economic development. China initiated the change from central planning to mainly market exchange simultaneously with opening up to international trade and investment. In July 1979, under Deng's influence, the central government decided to establish 'special export zones', later called Special Economic Zones (SEZs), the early reforms in rural China characterised by the introduction of the Household Responsibility System (HRS) and the abolition of the people's communes. By the end of 1984, all production brigades and 98 per cent of households in rural China had adopted the HRS. The People's Commune System was officially abolished at this time. Private enterprises have come to play a substantially more important role since economic reform began in China in 1978.

- (a) When were Special Economic Zones (SEZs) set up in China?
 (i) 1977 (ii) 1978
 (iii) 1979 (iv) 1980
- (b) The commune system was officially abolished in China by _____ year.
 (i) 1990 (ii) 1984
 (iii) 1995 (iv) 2000
- (c) By the end of 1984, _____ per cent households in rural China adopted the House Responsibility System (HRS).
 (i) 94 (ii) 95
 (iii) 98 (iv) 99
- (d) Since 1978, State Owned Enterprises (SOEs) were made to face competition with _____ sector.
 (i) private (ii) foreign
 (iii) Both (i) and (ii) (iv) None of these
- Ans.** (a) (iii) 1979 (b) (ii) 1984
 (c) (iii) 98 (d) (iii) Both (i) and (ii)

36. Read the following case study carefully and answer the questions that follow.

Pakistan has experienced a growth rate in GDP of over 5 per cent and in per capita income of about 2 per cent per year over the past fifty years since its independence. The shortage of domestic savings had necessitated the strategy of reliance on foreign resources. With the cessation of concessional lending in 1980s, this strategy led to the rapid accumulation of external debt, whose servicing has become a major issue in the 1990s. The external debt crisis has emerged as a major constraint on development prospects. The current rate of population growth of 2.6 per cent has fallen from the post-independence peak of 3.1 per cent per year. Total fertility rate has declined from 7 in early 1950s to 5.4 in 1996-97. It is no wonder that rising living standards have resulted in a significant decline in poverty from about 60 per cent in 1947 to 22 per cent in 1992-93. Pakistan ranks quite low on the basis of human development index. In human development term, Pakistan is the most backward country in Asia.

- (a) What was the major reason that increase in GDP is more than increase in per capita income in Pakistan?
 (i) Low inflation (ii) High inflation
 (iii) Low population growth rate (iv) High population growth rate
- (b) Which one of the following was the major reason of accumulation of external debt in Pakistan in 1990s?
 (i) High domestic saving (ii) High foreign saving
 (iii) Low domestic saving (iv) Low foreign saving
- (c) Which of the following shows favourable result in Pakistan economy till 1990s?
 (i) Fall in population growth rate (ii) Fall in poverty
 (iii) Fall in fertility rate (iv) All of these

32 Objective Type Questions—12

- (d) Which of the following is most backward country in terms of human development?
(i) India (ii) Pakistan
(iii) China (iv) Russia

Ans. (a) (iv) High population growth rate (b) (iii) Low domestic saving
(c) (ii) Fall in poverty (d) (ii) Pakistan

37. Read the following case study carefully and answer the questions that follow.

The Great Leap Forward was a five-year plan of forced agricultural collectivisation and rural industrialisation that was instituted by the Chinese Communist Party in 1958, which resulted in a sharp contraction in the Chinese economy and between 30 to 55 million deaths by starvation, execution, torture, forced labour, and suicide out of desperation. It was the largest single, non-wartime campaign of mass killing in human history. The initiative was led by Mao Zedong, also known as Mao Tse-tung and Chair Mao. Mao's official goal was to rapidly evolve China from an agrarian economy into a modern industrial society with greater ability to compete with western industrialised nations. He devised the plan after touring China and concluding that he felt the Chinese people were capable of anything.

- (a) When was Great Leap Forward campaign initiated in China?
(i) 1956 (ii) 1958
(iii) 1960 (iv) 1962
- (b) What was the negative effect of GLF campaign?
(i) Death by starvation (ii) Suicide out of desperation
(iii) Forced labour (iv) All of these
- (c) Which of the following was the aim of GLF campaign?
(i) Agricultural collectivisation (ii) Rural industrialisation
(iii) Both (i) and (ii) (iv) None of these
- (d) Great Leap Forward campaign initiated in:
(i) Republic of China (ii) People's Republic of China
(iii) Both (i) and (ii) (iv) None of these

Ans. (a) (ii) 1958 (b) (iv) All of these
(c) (iii) Both (i) and (ii) (d) (ii) People's Republic of China

Part-II

[Practice Papers]

1

PRACTICE PAPER

[Time Allowed: 90 minutes]

[Maximum Marks: 40]

General Instructions:

- (i) This question paper contains **60** questions out of which **50** questions are to be attempted. All questions carry equal marks.
- (ii) This question paper consists three sections - **Section A**, **Section B** and **Section C**.
- (iii) **Section A** contains **24** questions. Attempt any **20** questions from Q. No. 01 to 24.
- (iv) **Section B** contains **24** questions. Attempt any **20** questions from Q. No. 25 to 48.
- (v) **Section C** contains **12** questions. Attempt any **10** questions from Q. No. 49 to 60.
- (vi) First 20 attempted questions in **Section A** and **Section B** each and first 10 attempted questions in **Section C** will be evaluated.
- (vii) There is only **one** correct option for every multiple choice questions (MCQs). Marks will not be awarded for answering more than one option.
- (viii) There is no negative marking.

Section A

(20 questions out of 24 questions are to be attempted)

1. Goods purchased for satisfaction of wants are:

- | | |
|-----------------------|------------------------|
| (a) Capital goods | (b) Final goods |
| (c) Consumption goods | (d) Intermediate goods |

Ans. (c)

2. According to which economist, national income can be determined even below the full employment level?

- | | |
|----------------|------------------|
| (a) Adam Smith | (b) JM Keynes |
| (c) JB Say | (d) Adam Harbour |

Ans. (b)

34 Objective Type Questions—12

3. Which of the following is an intermediate good?

- (a) Machine
- (b) Car
- (c) Mobile
- (d) Sugar cane in a sugar Mill

Ans. (d)

4. Identify the correct pair of statement from the following Column I and II:

| Column I | Column II |
|-----------------------------|---|
| A. Self-employed workers | (i) They own and operate a business to earn their livelihood. |
| B. Casual wage workers | (ii) They get wages on permanent basis. |
| C. Regular salaried workers | (iii) They are not hired on permanent basis. |
| D. Formal sector workers | (iv) They work only in private sector. |

Alternatives:

- (a) A – (i)
- (b) B – (ii)
- (c) C – (iii)
- (d) D – (iv)

Ans. (a)

5. 'GLF' with respect to the People's Republic of China referred to as _____ .

- (a) Giant Leap Forward
- (b) Great Lead Forum
- (c) Great Leap Forward
- (d) Giant Lead Forum

Ans. (c)

6. Men get opportunity to work in:

- (a) Primary sector
- (b) Secondary sector
- (c) Service sector
- (d) Both (a) and (c)

Ans. (d)

7. 'Income of the family' is the example of which variable?

- (a) Stock
- (b) Flow
- (c) Both (a) and (b)
- (d) Neither (a) nor (b)

Ans. (b)

8. 'One Child Policy' was adopted by China in _____.

- (a) 1972
- (b) 1975
- (c) 1979
- (d) 1982

Ans. (c)

9. Which one of the following is a flow variable?

- (a) Consumption
- (b) Wealth
- (c) Quantity of money
- (d) None of these

Ans. (a)

10. _____ campaign aimed at industrialising the China on a large scale.
- (a) Great Leap Forward (b) Great Proletarian Cultural Revolution
(c) Anti-Rightist movement (d) Four Pests Campaign

Ans. (a)

11. Read the following statements carefully and choose the correct alternatives given below:

Statement 1: Value of aggregate supply equals National Income.

Statement 2: Investment expenditure refers to the expenditure incurred by the private firms on the purchase of capital goods such as plant and equipment, construction works etc.

Alternatives:

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

Ans. (a)

12. Essential indicator of good health in a country is increase in _____.

- (a) death rate (b) infant mortality rate
(c) expectancy of life (d) incidence of deadly diseases

Ans. (c)

13. Aggregate demand can be increased by:

- (a) increasing bank rate
(b) selling government securities by Reserve Bank of India
(c) increasing cash reserve ratio
(d) None of these

Ans. (d)

14. Agriculture labourers, farmers, owners of small enterprises which employ less than 10 workers fall in the category of:

- (a) formal sector (b) informal sector
(c) casual workers (d) regular workers

Ans. (b)

15. Which of the following are the components of aggregate demand?

- (a) Household Consumption Expenditure and Investment Expenditure
(b) Government Consumption Expenditure and Net Exports
(c) Both (a) and (b)
(d) Neither (a) nor (b)

Ans. (c)

16. Goods purchased for _____ purpose are final goods.

- (a) satisfaction of wants (b) investment in firm
(c) Both (a) and (b) (d) Neither (a) nor (b)

Ans. (c)

36 Objective Type Questions—12

17. At the break-even point:

- (a) Consumption > Income (b) Consumption = Income
(c) Consumption < Income (d) None of these

Ans. (b)

18. In China, commune system is related to _____ sector.

- (a) agriculture (b) industry
(c) services (d) informal

Ans. (a)

19. Consumption function is a functional relationship between:

- (a) Income and Saving (b) Price and Consumption
(c) Income and Consumption (d) Income, Consumption and Saving

Ans. (c)

20. Which of the following countries started nationalisation of capital goods in 1970s?

- (a) India (b) Pakistan (c) China (d) USA

Ans. (b)

21. Read the following statements—Assertion (A) and Reason (R) and choose one of the correct alternatives given below:

Assertion (A): India invests more percentage of its GDP on infrastructure as compared to China.

Reason (R): Chinese have more access to safe drinking water than India.

Alternatives:

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
(b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
(c) Assertion (A) is true but Reason (R) is false
(d) Assertion (A) is false but Reason (R) is true

Ans. (d)

22. Those who do not get any pension or gratuity benefits are known as:

- (a) Self-employed workers (b) Regular workers
(c) Casual workers (d) Unemployment

Ans. (c)

23. _____ adopted 'One Child Policy' as a measure to control population.

- (a) India (b) Pakistan
(c) China (d) Russia

Ans. (c)

24. A quantity measured per unit of time period is known as:

- (a) Stock variable (b) Flow variable
(c) Inventory (d) None of these

Ans. (b)

Section B

(20 questions out of 24 questions are to be attempted)

25. Flow of Goods and Services and factors of production across different sectors in a barter economy is known as:

- (a) Circular flow (b) Real flow
(c) Monetary Flow (d) Capital Flow

Ans. (b)

26. Identify the correct pair from the following Column I and Column II:

| Column I | Column II |
|--|---|
| A. Circular Flow of Income | (i) Shows the two phases of the circular flow of income |
| B. Vegetable grown in the kitchen garden | (ii) non-market activity |
| C. A car used as a taxi | (iii) consumer good |
| D. An air conditioner in a house | (iv) capital good |

Alternatives:

- (a) A – (i) (b) B – (ii) (c) C – (iii) (d) D – (iv)

Ans. (b)

27. Which of the following is not a function of Primary Health Care (PHC)?

- (a) Spreading education concerning prevailing health problems
(b) Promoting food supply and proper nutrition
(c) Conducting research
(d) Providing essential drugs

Ans. (c)

28. Read the following statements carefully and choose the correct alternatives given below:

Statement 1: Consumption of fixed capital refers to fall in the value of fixed assets due to normal wear and tear and fore seen obsolescence.

Statement 2: Addition of capital goods made to the existing stock of capital during a period of time is called gross investment or gross capital formation.

Alternatives:

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

Ans. (a)

29. Mao initiated the 'Great Proletarian Cultural Revolution' campaign in the year _____.

- (a) 1951 (b) 1955 (c) 1965 (d) 1962

Ans. (c)

38 Objective Type Questions—12

30. Which of the following leads to depreciation?

- (a) Normal wear and tear
- (b) Damages due to floods
- (c) Damages due to market-crash
- (d) None of these

Ans. (a)

31. Which of the following countries initiated its process of economic reforms in the year 1991?

- (a) Pakistan
- (b) India
- (c) Russia
- (d) China

Ans. (b)

32. Which of the following statements is true?

- (a) Bread is always a consumer good.
- (b) All producer goods are not capital goods.
- (c) Transfer income is received for providing a good or service in return.
- (d) Interest paid by a household on car loan from a bank is a factor payment.

Ans. (b)

33. Workers who are on permanent pay-roll of their employer are called:

- (a) Self-employed workers
- (b) Casual workers
- (c) Regular workers
- (d) None of these

Ans. (c)

34. GNP at Market Price is measured as:

- (a) GDP at Market Price – Depreciation
- (b) GDP at Market Price + Net Factor Income from Abroad
- (c) GDP at Market Price + Subsidies
- (d) NDP at Factor Cost + Net Factor Income from Abroad

Ans. (b)

35. Average Propensity to Consume (APC) is equal to:

- (a) Y/C
- (b) $\Delta Y/\Delta C$
- (c) C/Y
- (d) $\Delta C/\Delta Y$

Ans. (c)

36. ISM stands for:

- (a) Indian System of Medicine
- (b) International System of Medicine
- (c) Indian Standard of Medicine
- (d) None of these

Ans. (a)

37. Out of the following, whose value can be greater than one?

- (a) APC
- (b) MPC
- (c) APS
- (d) MPS

Ans. (a)

38. India is not a member of which of the following regional/global economic grouping?

- (a) SAARC
- (b) BRICS
- (c) G-7
- (d) G-20

Ans. (c)

39. Suppose in a hypothetical economy, the income rises from ₹ 5,000 crores to ₹ 6,000 crores. As a result, the consumption expenditure rises from ₹ 4,000 to ₹ 4,600 crores. Marginal Propensity to Consume in such a case would be _____.

- (a) 0.8 (b) 0.4
(c) 0.2 (d) 0.6

Ans. (d)

40. When the value of MPC is 0.7, the value of MPS will be:

- (a) 0.3 (b) 1.0
(c) Zero (d) 0.8

Ans. (a)

41. Sector which transforms one physical good into another physical good is:

- (a) Tertiary Sector (b) Secondary Sector
(c) Primary Sector (d) Joint Sector

Ans. (b)

42. Read the following statements—Assertion (A) and Reason (R) and choose one of the correct alternatives given below:

Assertion (A): Great Proletarian Cultural Revolution was started in the year 1966 in China.

Reason (R): It aimed at industrialising the country on a massive scale.

Alternatives:

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
(b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
(c) Assertion (A) is true but Reason (R) is false
(d) Assertion (A) is false but Reason (R) is true

Ans. (c)

43. Value of output is equal to:

- (a) Sales + Change in Stock (b) Sales + Closing Stock
(c) Sales + Opening Stock (d) Sales – Opening Stock

Ans. (a)

44. Which of the following statements is not correct with regards to infrastructure?

- (a) Infrastructure contributes to economic development.
(b) Infrastructure provides support services.
(c) All infrastructural facilities have a direct impact on the production of goods and services.
(d) Inadequate infrastructure can have multiple adverse effects on health.

Ans. (c)

45. Introduction of Economic Reforms in China took place in the year _____.

- (a) 1978 (b) 1980
(c) 1988 (d) 1991

Ans. (a)

40 Objective Type Questions—12

46. _____ is an indicator which is used for analysing employment situation in India.

- (a) Work Force Participation Rate (b) Worker Population Ratio
(c) Labour Force Participation Rate (d) Both (a) and (b)

Ans. (d)

47. Supply of labour corresponding to different wage rates is referred as:

- (a) Labour supply (b) Labour force
(c) Participation rate (d) Work force

Ans. (a)

48. Inventory is a _____ concept whereas the change in inventory is a _____ concept.

- (a) stock; flow (b) flow; stock
(c) stock; stock (d) flow; flow

Ans. (a)

Section C

(10 questions out of 12 questions are to be attempted)

Question No. 49 – 54 are to be answered on the basis of given information:

State Bank of India's latest edition of Ecowrap has noted that many households may have marginal propensity to consume less because several types of spending are not easily available amid social distancing constraints. Analysing the trends in deposits since the lockdown was first imposed, on May 25, the bank noted that the data revealed that deposits (savings, current and term) increased significantly during Lockdown-1 as people were apprehensive in the beginning about spending, and turned frugal. During Lockdown-2, there was a 25% decline in bank deposits, but term deposit accrual was very healthy.

Business Standard; June 2nd, 2020

49. According to given article, many households may have _____ marginal propensity to consume because several types of spending are not easily available amid social distancing constraints.

- (a) More (b) less
(c) No change (d) None of these

Ans. (b)

50. The gap by which actual aggregate demand exceeds the aggregate demand required to establish full employment equilibrium is known as _____.

- (a) Deflationary gap (b) Inflationary gap
(c) Deficient demand (d) None of these

Ans. (b)

51. _____ is the ratio of change in consumption to change in income.

- (a) APC (b) MPC
(c) Either (a) or (b) (d) Neither (a) nor (b)

Ans. (b)

- 52.** Read the following statements—Assertion (A) and Reason (R) and choose one of the correct alternatives given below:

Assertion (A): Sum of APC and APS is equal to one.

Reason (R): Income of an economy is either saved or consumed.

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
- (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
- (c) Assertion (A) is true but Reason (R) is false
- (d) Assertion (A) is false but Reason (R) is true

Ans. (a)

- 53.** To correct the inflationary gap, the central bank should _____ the cash reserve ratio.

- (a) increase
- (b) decrease
- (c) Either (a) or (b)
- (d) Neither (a) nor (b)

Ans. (a)

- 54.** A fiscal policy measure to combat deflationary gap is _____ .

- (a) Increase in tax rates
- (b) Increase in government expenditure
- (c) Increase in price level
- (d) Decrease in government expenditure

Ans. (b)

Question No. 55 – 60 are to be answered on the basis of given information:

Ozone depletion, gradual thinning of Earth ozone layer's in the upper atmosphere caused by the release of chemical compounds containing gaseous chlorine or bromine from industry and other human activities. The thinning is most pronounced in the polar regions, especially over Antarctica. Ozone depletion is a major environmental problem because it increases the amount of ultraviolet radiation that reaches earth's surface, which increases the rate of skin cancer, eye cataracts and genetic and immune system damage. The Montreal Protocol, ratified in 1987, was the first of several comprehensive international agreements enacted to halt the production and use of ozone-depleting chemicals. As a result of continued international cooperation on this issue, the ozone layer is expected to recover over time.

- 55.** Which of the following is responsible for ozone depletion?

- (a) Nitrozen compounds
- (b) Chemical compounds
- (c) Methane compounds
- (d) None of these

Ans. (b)

- 56.** Which of the following problems is caused due to ozone depletion?

- (a) Skin cancer
- (b) Eye cataracts
- (c) Immune system damage
- (d) All of these

Ans. (d)

42 Objective Type Questions—12

57. When did Central Pollution Control Board (CPCB) set up in India?

- (a) 1995
- (b) 1996
- (c) 1976
- (d) 1974

Ans. (d)

58. Read the following statements—Assertion (A) and Reason (R) and choose one of the correct alternatives given below:

Assertion (A): Environment fails to perform its function of life sustenance.

Reason (R): When resource extraction is more than regeneration, then carrying capacity of environment fails.

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
- (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
- (c) Assertion (A) is true but Reason (R) is false
- (d) Assertion (A) is false but Reason (R) is true

Ans. (a)

59. Montreal Protocol was related to:

- (a) Banning the use of ozone depleting chemicals and CFC
- (b) Reduction in emissions of greenhouse gases
- (c) Both (a) and (b)
- (d) None of these

Ans. (a)

60. Which of the following pollution does not affect the environment?

- (a) Water
- (b) Land
- (c) Air
- (d) None of these

Ans. (d)

2

PRACTICE PAPER

[Time Allowed: 90 minutes]

[Maximum Marks: 40]

General Instructions:

- (i) This question paper contains **60** questions out of which **50** questions are to be attempted. All questions carry equal marks.
- (ii) This question paper consists three sections - **Section A**, **Section B** and **Section C**.
- (iii) **Section A** contains **24** questions. Attempt any **20** questions from Q. No. 01 to 24.
- (iv) **Section B** contains **24** questions. Attempt any **20** questions from Q. No. 25 to 48.
- (v) **Section C** contains **12** questions. Attempt any **10** questions from Q. No. 49 to 60.
- (vi) First 20 attempted questions in **Section A** and **Section B** each and first 10 attempted questions in **Section C** will be evaluated.
- (vii) There is only **one** correct option for every multiple choice questions (MCQs). Marks will not be awarded for answering more than one option.
- (viii) There is no negative marking.

Section A

(20 questions out of 24 questions are to be attempted)

1. Which of the following items will not be included while estimating national income by income method?
- (a) Wages and Salaries
 - (b) Royalty
 - (c) Scholarship
 - (d) Profit

Ans. (c)

2. China moving ahead of India and Pakistan is true for which indicator?
- (a) GDP per capita
 - (b) Proportion of population below poverty line
 - (c) HDI ranking
 - (d) All of these

Ans. (d)

44 Objective Type Questions—12

3. Banning the use of chlorofluorocarbon compounds and other chlorine and bromine compounds is called:

- (a) Chipko Movement (b) Apiko Movement
(c) Montreal Protocol (d) None of these

Ans. (c)

4. At the break-even point, Savings in the economy are:

- (a) Positive (b) Zero
(c) Negative (d) Maximum

Ans. (b)

5. With a rise in real national income, welfare of the people:

- (a) Rises (b) Falls
(c) Remains unchanged (d) None of these

Ans. (a)

6. Identify the correct pair from the following Column I and Column II:

| Column I | Column II |
|----------|---|
| A. G-8 | (i) It was initially formed in 1970 with four member countries. |
| B. SAARC | (ii) It was formed on the proposal of Zia-ur-Rahman, the President of Bangladesh. |
| C. ASEAN | (iii) It is headquartered in Shanghai. |
| D. BRICS | (iv) It is headquartered in Zakarta. |

Alternatives:

- (a) A – (i) (b) B – (ii) (c) C – (iii) (d) D – (iv)

Ans. (b)

7. Read the following statements carefully and choose the correct alternatives given below:

Statement 1: Primary sector includes all units which produce goods and services by exploiting natural resources.

Statement 2: Secondary sector includes all those units which produce commodities by transforming one type of commodity into another type of commodity.

Alternatives:

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

Ans. (a)

8. In which of the following areas, Pakistan has an edge over India?

- (a) Export of software after economic reforms
- (b) Number of Phds produced in science and engineering every year
- (c) Reducing the proportion of population below poverty line
- (d) All of these

Ans. (c)

9. According to the Keynesian Theory, in the short period:

- (a) AS is assumed to be given
- (b) AD is assumed to be given
- (c) Both are assumed to be given
- (d) Nothing is assumed to be given

Ans. (a)

10. In a situation of 'Inflationary gap' at the full employment level of income:

- (a) $AD > AS$
- (b) $AD = AS$
- (c) $AD < AS$
- (d) None of these

Ans. (a)

11. From the following, whose value can be negative?

- (a) APS
- (b) MPS
- (c) APC
- (d) MPC

Ans. (a)

12. 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

Ans. (d)

13. In which of the following areas does India have advantage over Pakistan?

- (a) Health facilities
- (b) Skilled manpower
- (c) Education
- (d) All of these

Ans. (d)

14. Real GDP is considered as an index of:

- (a) Price level in the economy
- (b) Welfare of the people
- (c) Profit maximisation
- (d) None of these

Ans. (b)

15. Which of the following countries has shown the brighter signs of urbanisation?

- (a) India
- (b) China
- (c) Pakistan
- (d) Both (b) and (c)

Ans. (d)

16. There is an inverse relationship between multiplier and:

- (a) MPS
- (b) MPC
- (c) APC
- (d) None of these

Ans. (a)

46 Objective Type Questions—12

17. In 1997, a UN conference on climate change was held in _____.

- (a) Japan
- (b) India
- (c) Germany
- (d) China

Ans. (a)

18. _____ protocol is initiated to control ozone depletion.

- (a) Kyoto
- (b) Montreal
- (c) United Nations
- (d) None of these

Ans. (b)

19. Read the following statements—Assertion (A) and Reason (R) and choose one of the correct alternatives given below:

Assertion (A): Aggregate demand means demand of an economy.

Reason (R): Export is one of the components of aggregate demand.

Alternatives:

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
- (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
- (c) Assertion (A) is true but Reason (R) is false
- (d) Assertion (A) is false but Reason (R) is true

Ans. (d)

20. If MPC is 40 per cent, MPS will be:

- (a) 70 per cent
- (b) 60 per cent
- (c) 50 per cent
- (d) 40 per cent

Ans. (b)

21. Global Burden of Diseases (GBDs) are mainly caused because of _____ .

- (a) Communicable disease
- (b) Non-communicable disease
- (c) Both (a) and (b)
- (d) Neither (a) nor (b)

Ans. (b)

22. Which of the following is a biotic component of environment?

- (a) Bacteria
- (b) Animal
- (c) Humans
- (d) Minerals

Ans. (d)

23. Central Pollution Control Board (CPCB) looks after mainly:

- (a) Water pollution
- (b) Air pollution
- (c) Noise pollution
- (d) Both (a) and (b)

Ans. (d)

24. Which out of the following is not included in the estimation of national income?

- (a) Subsidised lunch
- (b) Old-age pension
- (c) Free medical facilities served in office to employees
- (d) Construction of a house

Ans. (b)

Section B

(20 questions out of 24 questions are to be attempted)

25. What is the full form of PPP in terms of Gross Domestic Product?

- (a) Public Private Partnership
- (b) Purchasing Power Parity
- (c) Purchasing Power Price
- (d) None of these

Ans. (b)

26. If $MPC = 0$, the value of multiplier is:

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

Ans. (b)

27. *Kashtakari Sanghatana* operates in:

- (a) Maharashtra
- (b) Gujarat
- (c) Chhattisgarh
- (d) Madhya Pradesh

Ans. (a)

28. Which out of the following is a monetary measure to correct deficient demand?

- (a) Reduce government spending
- (b) Increase government spending
- (c) Lowering margin requirements
- (d) None of these

Ans. (c)

29. Which of the following is a factor payment?

- (a) Free uniform to defence personnel
- (b) Salaries to the members of Parliament
- (c) Rent paid to the owner of a building
- (d) Scholarship given to the students

Ans. (d)

30. In case of underemployment equilibrium, which of the following alternatives is not true?

- (a) Aggregate demand is equal to Aggregate supply.
- (b) There exist excess production capacity in the economy.
- (c) Resources are not fully and efficiently utilised.
- (d) Resources are fully and efficiently utilised.

Ans. (d)

31. Product method of calculating national income is also known as:

- (a) Income method
- (b) Value added method
- (c) Expenditure method
- (d) Distribution method

Ans. (b)

48 Objective Type Questions—12

32. Name the situation under which aggregate demand falls short of aggregate supply at full employment level.

- (a) Excess demand (b) Excess supply (c) Inflationary gap (d) None of these

Ans. (b)

33. After the workers lost their jobs in 1980s, which city experienced an economic recession and communal riots?

- (a) Ahmedabad (b) Mumbai (c) Prayagraj (d) Bengaluru

Ans. (a)

34. Which of the following countries is recently shifted from command economy towards a democratic system?

- (a) India (b) Pakistan (c) China (d) None of these

Ans. (c)

35. Which one of the following organisations regulates the health sector in India?

- (a) ICMR (b) UGC (c) AICTE (d) RBI

Ans. (a)

36. Identify the correct pair from the following Column I and Column II:

| Column I | Column II |
|--------------------------------|--|
| A. At break-even point | (i) $C = Y$ |
| B. Value of aggregate supply | (ii) Equals to domestic income |
| C. Marginal Propensity to Save | (iii) Ratio of change in savings to change in income |
| D. Consumption function | (iv) Relationship between consumption and saving |

Alternatives:

- (a) A – (i) (b) B – (ii) (c) C – (iii) (d) D – (iv)

Ans. (a)

37. Indian system of medicine consists of six system of Indian medicine called _____ .

- (a) ACCORD (b) AYNUSH (c) AYUSH (d) MAYUSH

Ans. (c)

38. Read the following statements carefully and choose the correct alternatives given below:

Statement 1: G-8 is the group of eight countries which meet at an annual economic and political summit meeting of the heads of the government with international officials.

Statement 2: India is also a member of G-8 group.

Alternatives:

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

Ans. (a)

39. The difference between indirect tax and subsidy is known as _____.

- (a) Net Factor Income from Abroad
- (b) Capital Consumption Allowances
- (c) Depreciation
- (d) Net Indirect Tax

Ans. (d)

40. Due to the recent efforts of which international body, the Indian government initiated the modernisation of informal sector?

- (a) World Bank
- (b) WTO
- (c) International Labour Organisation
- (d) G-20

Ans. (c)

41. NI = Domestic Income, when:

- (a) NFIA is positive
- (b) NFIA is negative
- (c) NFIA is zero
- (d) None of these

Ans. (c)

42. Name the situation under which aggregate demand exceeds aggregate supply at the full employment level.

- (a) Excess demand
- (b) Excess supply
- (c) Deflationary gap
- (d) None of these

Ans. (a)

43. _____ is a geographical region that has economic laws different from the country's having typical economic laws.

- (a) SEZ
- (b) GLF
- (c) NEP
- (d) GPCR

Ans. (a)

44. Read the following statements—Assertion (A) and Reason (R) and choose one of the correct alternatives given below:

Assertion (A): Workforce in rural areas is more than urban areas in India.

Reason (R): More people reside in rural areas in India.

Alternatives:

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
- (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
- (c) Assertion (A) is true but Reason (R) is false
- (d) Assertion (A) is false but Reason (R) is true

Ans. (a)

50 Objective Type Questions—12

45. In BRICS Nations, “S” stands for:

- (a) Singapore
- (b) Sri Lanka
- (c) Syria
- (d) South Africa

Ans. (d)

46. A situation when the workers are willing to work under any condition and at any wage rate but they fail to get employment, it is called:

- (a) Voluntary Unemployment
- (b) Involuntary Unemployment
- (c) Cyclical Unemployment
- (d) Frictional Unemployment

Ans. (b)

47. Which of the following was the problem in Great Leap Forward campaign?

- (a) Severe drought killed about 30 million people in China
- (b) Russia withdrew its professionals from China after conflict
- (c) Both (a) and (b)
- (d) None of these

Ans. (c)

48. In a situation of ‘deficient demand’ at the full employment level of income:

- (a) $AD = AS$
- (b) $AD < AS$
- (c) $AD > AS$
- (d) None of these

Ans. (b)

Section C

(10 questions out of 12 questions are to be attempted)

Question No. 49 – 54 are to be answered on the basis of given information:

The main cause of unemployment and underemployment prevailing in developing countries such as India is the deficiency of the stock of physical capital with which to employ the growing labour force. Due to the lack of physical capital, it has not been possible to absorb the growing labour force in productive employment. The result has been the emergence of long-term or chronic unemployment. Apart from the relatively low rate of capital formation as compared to the growth in the labour force, the use of capital-intensive techniques in the industries mostly imported from the western developed countries is another important factor causing unemployment in developing countries like India.

Besides, in agriculture, despite the existence of surplus labour reckless mechanisation of various agricultural operations has reduced the employment opportunities. Another important reason for rural unemployment prevailing in the developing countries like India is an extremely unequal distribution of land so that many agricultural households have no adequate access to land for production and self-employment in agriculture.

49. The main cause of unemployment in India is:

- (a) lack of human capital
- (b) lack of physical capital
- (c) Both (a) and (b)
- (d) Neither (a) nor (b)

Ans. (b)

50. Chronic unemployment is:

- (a) short-term unemployment (b) long-term unemployment
(c) seasonal unemployment (d) Both (a) and (c)

Ans. (b)

51. Unequal distribution of land is one of the reason of unemployment in _____ areas.

- (a) urban (b) rural
(c) Both (a) and (b) (d) Neither (a) nor (b)

Ans. (b)

52. Read the following statements—Assertion (A) and Reason (R) and choose one of the correct alternatives given below:

Assertion (A): More females are found working in urban areas than rural areas.

Reason (R): Economic condition of rural household is poorer than urban households.

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
(b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
(c) Assertion (A) is true but Reason (R) is false
(d) Assertion (A) is false but Reason (R) is true

Ans. (d)

53. Disguised unemployment means:

- (a) surplus labour in agriculture (b) less labour in agriculture
(c) marginal productivity of labour is zero (d) Both (a) and (c)

Ans. (d)

54. Data on unemployment in India can be obtained from which source?

- (a) Reports of Census of India
(b) National Sample Survey Organisation (NSSO)
(c) Directorate General of Employment
(d) All of these

Ans. (d)

Question No. 55 – 60 are to be answered on the basis of given information:

In India, flattening sequential recovery, accelerating inflation and a weak labour market will continue to act as an impediment to sustained economic revival. Capital goods and consumer durable goods have witnessed negative growth rate in double digits. The government might also need to look at policies to boost consumption by the poor, who have a much higher Marginal Propensity to Consume rather than thinking about the relatively well off, such as government employees, who were the target of expenditure boosting measures. Overall, the amount of demand stimulus is underwhelming and we view the impact on both fiscal and growth as quite limited.

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52 Objective Type Questions—12

55. Refrigerator purchased by a confectionary shop is a _____ good.

- (a) capital
- (b) intermediate
- (c) non-durable
- (d) None of these

Ans. (a)

56. Which of the following is/are non-durable good(s)?

- (a) Milk
- (b) Bread
- (c) Both (a) and (b)
- (d) None of these

Ans. (c)

57. Goods purchased for the _____ purpose are final goods.

- (a) Satisfaction of wants
- (b) Investment in firm
- (c) Both (a) and (b)
- (d) None of these

Ans. (c)

58. National income is a _____ variable.

- (a) stock
- (b) flow
- (c) Both (a) and (b)
- (d) Neither (a) nor (b)

Ans. (b)

59. A growing country is one with:

- (a) Rising GNP at constant prices
- (b) Constant GNP at constant prices
- (c) Rising GNP at current prices
- (d) None of these

Ans. (a)

60. Read the following statements—Assertion (A) and Reason (R) and choose one of the correct alternatives given below:

Assertion (A): Stationary purchased in a school is an intermediate good.

Reason (R): Intermediate goods once used in production lose their utility.

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
- (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
- (c) Assertion (A) is true but Reason (R) is false
- (d) Assertion (A) is false but Reason (R) is true

Ans. (a)