

# REVISION TEST SERIES-1

## ECONOMICS

### E1- SET A

TIME: 1½ HOURS

MAXIMUM MARK 35

#### PART A : MACRO ECONOMICS

1. Read the following statements-Assertion (A) and Reason (R). Choose one of the correct alternatives given below:  
Assertion (A).Gross domestic capital formation refers to investment expenditure by the producing sector in a country.  
Reason ( R ).Business fixed investment is the amount which producing units spend on purchase of second hand equipments and machines in the domestic territory of the country. Alternatives:  
(A) Both (A) and ( R ) are true and ( R ) is the correct explanation of (A)  
(B) Both (A) and ( R ) are true and ( R ) is not the correct explanation of ( A )  
(C) (A) is true but ( R ) is false  
(D) (A) is false but ( R ) is true (1)
2. . If Net factor income to abroad is (-)Rs120 crores, factor income from abroad is Rs150 crore and domestic income is Rs 4,500 crore, National Income will be:  
(a) Rs 4,380 crore  
(b) Rs 4,620 crore  
(c) Rs 4,700 crore  
(d) Rs 4,300 crore (1)
3. Increase in the stock of capital is known as:  
(a) Capital loss  
(b) Capital gain  
(c) Capital formation  
(d) None of these (1)
4. Read the following statements-Assertion (A) and Reason ( R ) . Choose one of the correct alternatives given below :  
Assertion (A).Sale and purchase of shares , bonds and debentures is not included in the estimation of national income.  
Reason ( R ).Financial assests are mere paper claims which do not add to the flow of goods and services, hence not included in the estimation of National Income.  
Alternatives:  
(A) Both (A) and ( R ) are true and ( R ) is the correct explanation of (A)  
(B) Both (A) and ( R ) are true and ( R ) is not the correct explanation of ( A )  
(C) (A) is true but ( R ) is false  
(D) (A) is false but ( R ) is true (1)
5. The value of the Nominal Gross National Product (GNP) of an economy was Rs. 2500 cr in a particular year. The value of GNP of that country during the same year, evaluated at the price of base year was Rs. 3000 cr. Calculate the value of GNP deflator of the

- year in percentage terms. Has the price level risen between the base year and the year under consideration? (3)
6. Explain how ' distribution of GDP ' is a limitation in taking GDP as an index of welfar (3)
7. “Gross Domestic Product (GDP) does not give us a clear indication of economic welfare of a country” Defend or Refute the given statement with valid reason. (4)
8. a) Calculate National Income:

s.no	Particulars	(Rs. In crore)
1	Personal tax	80
2	Private final consumption expenditure	600
3	Undistributed profit	30
4	Private income	650
5	Government final consumption expenditure	100
6	Corporate tax	50
7	Net domestic fixed capital formation	70
8	Net indirect tax	60
9	Depreciation	14
10	change in stock	(-)10
11	Net imports	20
12	Net factor income to abroad	10

- b) Define the following:
- Value addition
  - Gross Domestic Product
  - Flow variables
- (6)

## PART B : INDIAN ECONOMIC DEVELOPMENT

9. Read the following statements-Assertion (A) and Reason(R) . Choose one of the correct alternatives given below.
- Assertion (A) The major policy initiatives like land reforms and green revolution helped India to become self -reliant in food grains productions
- Reason (R) The proportion of people depending on agriculture did not decline as expected.
- Both Assertion and Reason are true and Reason is correct explanation of the Assertion.
  - Both Assertion and Reason are true but Reason is not correct explanation of the Assertion.
  - Assertion is true but Reason is false.
  - Assertion is false but reason is true
- (1)
10. Which particular trade policy India adopted during first-seven five-year plans?
- Inward looking trade policy
  - Partially Inward looking trade policy
  - Outward looking trade policy
  - Both b & c
- (1)

11. Read the following case study and answer the given question:

The Green Revolution started in 1965 with the first introduction of HYV seeds in Indian agriculture. This was coupled with better and efficient irrigation and the correct use of fertilizers to boost the crop. After 1947 India had to rebuild its economy. Over three-quarters of the population depended on agriculture in some way. But agriculture in India was faced with several problems. Firstly, the productivity of grains was very low. There was also an absence of modern technology. And India had previously faced severe famines during the British Raj, who had only promoted cash crops instead of food crops.

. Which is of the following is incorrect?

- a. Special schemes have been started to promote export of agro-products.
- b. India has been a big importer of food grains especially since 1990s.
- c. High yielding varieties programme has resulted in improvement in production and productivity of food grains in India.
- d. None of the above. (1)

12. From the set of statements given in Column I & Column II, choose the correct pair of statements:

Column I	Column II
a) Zamindari system of land revenue	i) One in which per capita income is very low
b) Stagnant economy	ii) It worked through the system of middleman
c) Backward economy	iii) One which shows little or no growth in national income
d) Perspective plan	iv) The distribution of working population across different sectors of the economy

- a) (a) – (i)    (b) – (ii)                      (c) – (iii)    (d) – (iv)                      (1)

13. What is export surplus? How did it prove disadvantageous to India during British rule? (3)

14. Read the following case study and answer the given question:

The green revolution or Third Agricultural Revolution, is the set of research technology transfer initiatives occurring between 1950 and late 1960s, that increased agricultural production worldwide, beginning most markedly in late 1960s. NABARD is an apex development finance institution fully owned by Government of India.

What is green revolution? Why was it implemented and how did it benefit the farmers? Explain in brief. (3)

15. Does modernisation as a planning objective create contradiction in the light of employment generation? Explain. (4)

- 16. a) “Ujjawala Yojana has been a game changer for rural India.” State any three conventional fuels being targeted under the Ujjawala Yojana.
- b) “Economists believe that India should spend at least 6% of its GDP on Education for achieving desired results.” Justify statement with valid reason. (6)

# REVISION TEST SERIES-1

## ECONOMICS

### SET B

TIME: 1½ HOURS

MAXIMUM MARK 35

#### PART A : MACRO ECONOMICS

1. Read the following statements-Assertion (A) and Reason (R). Choose one of the correct alternatives given below:  
Assertion (A). Operating surplus is income from property (rent, royalty and interest) and income from entrepreneurship, i.e., Profits (Dividends + Corporation Tax + Corporate Savings). Reason (R). Operating Surplus does not originate in general government sector as there is no income from property and entrepreneurship.  
Alternatives:  
(A) Both (A) and (R) are true and (R) is the correct explanation of (A)  
(B) Both (A) and (R) are true and (R) is not the correct explanation of (A)  
(C) (A) is true but (R) is false  
(D) (A) is false but (R) is true (1)
2. Net value added at factor cost = Rs 100 crore, Depreciation = Rs 30 crores, Subsidies = Rs 15 crore and Intermediate Consumption = Rs 185 crore, then "Gross value of output" is:  
(a) Rs 300 crore  
(b) Rs 330 crore  
(c) Rs 130 crore  
(d) Rs 230 crore (1)
3. Net investment is equal to:  
(a) Gross investment + depreciation  
(b) Gross investment - depreciation  
(c) Gross investment x depreciation  
(d) Gross investment + depreciation
4. Which of the following is true for Inflation?  
a. The value of money increases during Inflation  
b. The value of money decreases during Inflation  
c. The value of money stays the same during Inflation  
d. None of the above (1)
5. Will the following be included in National Income of India? Give reasons for your answer.  
(i) Financial help given to flood victims.  
(ii) Profits earned by an Indian bank from its branches abroad.  
(iii) Salaries paid to non-resident Indians working in Indian Embassy in America.  
(iv) Interest received by an individual from banks. (3)
6. Distinguish between domestic income and National income. (3)

7. Explain the precautions that are taken while estimating national income by value added method. (4)
8. Calculate: (6)
- a) Net National Product at Market Price
- b) Gross Domestic Product at Factor cost :

s.no	Particulars	Rs. In Crore
1	Rent and interest	6000
2	Wages and salaries	1800
3	Undistributed profit	400
4	Net indirect taxes	10
5	Subsidies	20
6	Corporation tax	120
7	Net factor income to abroad	70
8	Dividends	80
9	Depreciation	50
10	Social security contribution by employees 200	200
11	Mixed income	1000

### PART B: INDIAN ECONOMIC DEVELOPMENT

9. Read the following statements-Assertion (A) and Reason(R) . Choose one of the correct alternatives given below
- Assertion (A) Planning was seen as a way to give Indian economy a boost of investment and growth.
- Reason (R) The British rule had left the Indian economy in a stagnant economy.
- a) Both Assertion and Reason are true and Reason is correct explanation of the Assertion.
- b) Both Assertion and Reason are true but Reason is not correct explanation of the Assertion.
- c) Assertion is true but Reason is false.
- d) Assertion is false but reason is true (1)
10. Another name of Village and Small-Scale Industries Committee set up in 1955 is:
- (a) Lakdawala committee
- (b) Karve committee
- (c) Narasimham committee
- (d) Hussain committee (1)
11. -----implies setting up an upper limit of the land that could be owned by a land owner.
- (a) Land ceiling (b) Land fragmentation

- (c) Land quota (d) Land restriction (1)

12. From the set of statements given in Column I & Column II, choose the correct pair of statements:

Column I	Column II
e) Comprehensive plan	v) Only economic growth
f) Mixed economy	vi) No private property
g) Goal of planning	vii) Equitable distribution
h) Perspective plan	viii) Short – term plan

- b) (a) – (i)  
 c) (b) – (ii)  
 d) (c) – (iii)  
 e) (d) – (iv) (1)

13. Agriculture sector adversely appears to be adversely affected by the reform process, why? (3)

14. Read the following case study and answer the given question:

A plan spells out how the resources of nation should be put to use. It should have some general goals as well as specific objectives which are to be achieved within a specified period of time: in India plans were of five years duration and were called five-year plans. The five-year plan was supposed to provide the basis for the perspective plan.

Explain ‘growth with equity’ as a planning objective. (3)

15. Why and how was private sector regulated under the IPR, 1956? (4)

16. a) 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.

b) Explain how import substitution can protect domestic industry. (6)