

Unit 1,2, and 3 One Marks Questions with Answer

12th Standard

Economics

- 1) The branches of the subject Economics is
 (a) Wealth and welfare (b) production and consumption (c) Demand and supply (d) micro and macro
- 2) Who coined the word 'Macro'?
 (a) Adam Smith (b) J M Keynes (c) Ragnar Frisch (d) Karl Marx
- 3) Who is regarded as Father of Modern Macro Economics
 (a) Adam Smith (b) J M Keynes (c) Ragnar Frisch (d) Karl Marx
- 4) Identify the other name for Macro Economics
 (a) Price Theory (b) Income Theory (c) Market Theory (d) Micro Theory
- 5) Macro economics is a study of _____
 (a) individuals (b) firms (c) a nation (d) aggregates
- 6) Indicate the contribution of J M Keynes to economics
 (a) Wealth of Nations (b) General Theory (c) Capital (d) Public Finance
- 7) A steady increase in general price level is termed as _____.
 (a) wholesale price index (b) Business Cycle (c) Inflation (d) National Income
- 8) Identify the necessity of Economic policies
 (a) to solve the basic problems (b) to overcome the obstacles (c) to achieve growth (d) all the above
- 9) Indicate the fundamental economic activities of an economy
 (a) Production and Distribution (b) Production and Exchange (c) Production and Consumption (d) Production and Marketing
- 10) An economy consists of
 (a) consumption sector (b) Production sector (c) Government sector (d) All the above
- 11) Identify the economic system where only private ownership of production exists
 (a) Capitalistic Economy (b) Socialistic Economy (c) Globalistic Economy (d) Mixed Economy
- 12) Economic system representing equality in distribution is _____.
 (a) Capitalism (b) Globalism (c) Mixedism (d) Socialism
- 13) Who is referred as 'Father of Capitalism'?
 (a) Adam Smith (b) Karl Marx (c) Thackeray (d) J M Keynes
- 14) The country following Capitalism is _____.
 (a) Russia (b) America (c) India (d) China
- 15) Identify The Father of Socialism
 (a) J M Keynes (b) Karl Marx (c) Adam Smith (d) Samuelson
- 16) An economic system where the economic activities of a nation are done both by the private and public together is termed as _____.
 (a) Capitalistic Economy (b) Socialistic Economy (c) Globalistic Economy (d) Mixed Economy
- 17) Quantity of a commodity accumulated at a point of time is termed as _____..

- (a) production (b) stock (c) variable (d) flow
- 18) Identify the flow variable
 (a) money supply (b) assets (c) income (d) foreign exchange reserves
- 19) Identify the sectors of a Two Sector Model.
 (a) Households and Firms (b) Private and Public (c) Internal and External (d) Firms and Government
- 20) The Circular Flow Model that represents an open Economy
 (a) Two Sector Model (b) Three Sector Model (c) Four Sector Model (d) All the above
- 21) Socialist Economy promote _____.
 (a) Social welfare motive (b) Collective welfare motive (c) Profit motive (d) Both 'a' and 'b' motive
- 22) Market forces are _____.
 (a) Supply and price (b) Demand and price (c) Prices of commodity (d) Supply and demand
- 23) Who defined the following statement for an economy? "An economy is a cooperation of producers and workers to make goods and services that satisfy the wants of the consumers."
 (a) A. J. Brown (b) J. R. Hicks (c) J. S. Mill (d) J.M. Keynes
- 24) Assertion (A): Each individual and organization produce only those goods which ensure high profit.
 Reason (R): Profit is the driving force behind all economic activities in a capitalistic economy
 (a) Both (A) and (R) are true and (R) is the correct explanation of (A). (b) Both (A) and (R) are true, but (R) is not the correct explanation of (A). (c) (A) is true, but (R) is false (d) (A) is false, but (R) is true
- 25) Which of the following is not a macroeconomic goal?
 (a) Full Employment (b) Price Stability (c) Economic Security (d) All of the above are macro economic goals
- 26) Assertion (A) :National plans are drawn up by the Government and both private and public sectors abide.
 Reason (R) :The central planning authority prepares the economic plans
 (a) Both A and R are true and R is the correct explanation of A (b) Both A and R are true but R is not the correct explanation of A (c) A is true but R is false (d) A is false but R is true.
- 27) The interaction of individuals and firms in a market can be described as a_____ of money, goods and services and resources through product and factor markets.
 (a) Constant flow (b) Stable flow (c) Circular Flow (d) Circular Flow
- 28) Which of the following is a basic characteristic of Capitalism?
 (a) economic decisions occur in markets (b) income is distributed on the basis of "need." (c) private ownership of property is illegal (d) none of the above answers are correct
- 29) The government may impose industrial safety regulations and occupational licensing requirements in which of the following economic systems?
 (a) laissez-faire (b) laissez-faire (c) mixed market (d) macroeconomic

- economy economy economy system
- 30) With what kinds of topics does macroeconomics concern itself?
 (a) Economic activities of individual firms, households, and other organizations
 (b) Forces of supply and demand in a particular market
 (c) Consumer behavior and firms output decisions
 (d) Aggregate economic phenomena like the rate of unemployment and inflation
- 31) Net National product at factor cost is also known as
 (a) National Income (b) Domestic Income (c) Per capita Income (d) Salary
- 32) Primary sector is _____
 (a) Industry (b) Trade (c) Agriculture (d) Construction.
- 33) National income is measured by using _____ methods.
 (a) Two (b) Three (c) Five (d) Four
- 34) Income method is measured by summing up of all forms of _____
 (a) Revenue (b) Taxes (c) expenditure (d) Income
- 35) Which is the largest figure?
 (a) Disposable income (b) Personal Income (c) NNP (d) GNP
- 36) Expenditure method is used to estimate national income in _____
 (a) Construction sector (b) Agricultural Sector (c) Service sector (d) Banking sector
- 37) Tertiary sector is also called as _____ sector
 (a) Service (b) Income (c) Industrial (d) Production
- 38) National income is a measure of the _____ performance of an economy
 (a) Industrial (b) Agricultural (c) Economic (d) Consumption
- 39) Per capita income is obtained by dividing the National income by _____
 (a) Production (b) Population of a country (c) Expenditure (d) GNP
- 40) $GNP = \text{_____} + \text{Net factor income from abroad}$
 (a) NNP (b) NDP (c) GDP (d) Personal income
- 41) NNP stands for _____
 (a) Net National Product (b) National Net product (c) National Net Provident (d) National Net Provident
- 42) _____ is deducted from gross value to get the net value
 (a) Income (b) Depreciation (c) Expenditure (d) Value of final goods
- 43) The financial year in India is _____
 (a) April 1 to March 31 (b) March 1 to April 30 (c) March 1 to March 16 (d) January 1 to December 31
- 44) When net factor income from abroad is deducted from NNP, the net value is _____
 (a) Gross National Product (b) Disposable Income (c) Net Domestic Product (d) Personal Income
- 45) The value of NNP at production point is called _____
 (a) NNP at factor cost (b) NNP at market cost (c) GNP at factor cost (d) Per capita income
- 46) The average income of the country is _____
 (a) Personal Income (b) Per capita income (c) Inflation Rate (d) Disposal Income
- 47) The value of national income adjusted for inflation is called _____

- (a) Inflation Rate (b) Disposal Income (c) GNP (d) Real national income
- 48) Which is a flow concept ?
 (a) Number of shirts (b) Total wealth (c) Monthly income (d) Money supply
- 49) PQLI is the indicator of _____
 (a) Economic growth (b) Economic welfare (c) Economic welfare (d) Economic development
- 50) The largest proportion of national income comes from _____
 (a) Private sector (b) Local sector (c) Public sector (d) None of the above
- 51) GNP stands for
 (a) Net National Product (b) Gross Net Product (c) Gross Net Provident (d) Gross National Product
- 52) Formula for calculating NNP at factor cost.
 (a) $\frac{\text{Nominal GDP}}{\text{Real GDP}} \times 100$ (b) NNP at Market Prices - Indirect taxes + Subsidies. (c) GNP - Depreciation allowance (d) Output = Income = Expenditure
- 53) Net Domestic = GDP - _____.
 (a) NNP (b) NDP (c) GNP (d) Depreciation
- 54) GNP is the total measure of the flow of _____ and services.
 (a) Semi goods (b) Semi finished good (c) Final goods (d) None of these
- 55) NNP at factor cost = NNP at Market Price - _____ + Subsidies.
 (a) Direct taxes (b) Canons of taxes (c) Indirect taxes (d) None of these
- 56) _____ income is never equal to the national income.
 (a) Disposal Income (b) Per capita Income (c) Personal Income (d) GDP Deflate
- 57) Output = _____ = Expenditure.
 (a) Output (b) Expenditure (c) Price (d) Income
- 58) Great care is required to calculate _____.
 (a) Capital Gains (b) Social Accounting (c) Double Counting (d) Statistical Problems
- 59) The per capita income of an economy can be calculated by _____.
 (a) Dividing GDP by population (b) Dividing GNP by population (c) Multiplying GNP by population (d) Dividing GNP by number of people employed
- 60) The total money value of final goods and services produced in the country excluding depreciation is called _____.
 (a) NDP (b) GDP (c) NNP (d) GNP
- 61) According to the year 2001, Indian per capita income is _____ dollar.
 (a) 520 (b) 460 (c) 240 (d) 900
- 62) In _____ method, the measures of GDP are calculated for adding total value of output produced by all activities during a year.
 (a) Expenditure (b) Income (c) Product (d) All the above
- 63) Secondary sector is _____.
 (a) Industry (b) Trade (c) Agriculture (d) Manufacture
- 64) Tertiary sector is _____.
 (a) Industry (b) Banking (c) Agriculture (d) Import and Export
- 65) GDP deflator is anof goods and services included in GDP

- (a) index of cost changes (b) index of GDP growth (c) index of price changes (d) index of wages
- 66) Double counting is to be avoided under _____
 (a) product method (b) value added method (c) income method (d) expenditure method
- 67) Find the incorrect one in the context of Income from illegal activities
 (a) gambling (b) arbitration (c) smuggling (d) illicit extraction of liquor
- 68) (i) Firms, (ii) Households, (iii) Government, (iv) Rest of the world and (v) Capital sector. are different elements of?
 (a) social accounting method (b) private accounting method (c) public accounting method (d) social accounting model
- 69) What is the formula for value of output?
 (a) Price x Quantity Sold (b) Profit x Quantity Sold (c) Revenue x Quantity Sold (d) Cost x Quantity Sold
- 70) Assertion (A) :Double counting is to be avoided under value added method.
 Reason (R) :Any commodity which is either raw material or intermediate good for the final production should not be included.
 (a) Both A and R are true and R is the correct explanation of A. (b) Both A and R are true but R is not the correct explanation of A. (c) A is true but R is false. (d) A is false but R is true.
- 71) Assertion (A) :Transfer payments are not to be included in estimation of national income.
 Reason (R) :These payments are not received for any services provided in the current year such as pension, social insurance etc.
 (a) Both A and R are true and R is the correct explanation of A. (b) Both A and R are true but R is not the correct explanation of A. (c) A is true but R is false. (d) A is false but R is true.
- 72) Every able bodied person who is willing to work at the prevailing wage rate is employed called as _____
 (a) Full employment (b) Under employment (c) Unemployment (d) Employment opportunity
- 73) Structural unemployment is a feature in a _____
 (a) Static society (b) Socialist society (c) Dynamic society (d) Mixed economy
- 74) In disguised unemployment, the marginal productivity of labour is _____
 (a) Zero (b) One (c) Two (d) Positive
- 75) The main contention of the Classical Economic Theory is _____
 (a) Under employment (b) Economy is always in the state of equilibrium (c) Demand creates its supply (d) Imperfect competition
- 76) J.B. Say is a _____
 (a) Neo Classical Economist (b) Classical Economist (c) Modern Economist (d) New Economist
- 77) According to Keynes, which type of unemployment prevails in capitalist economy ?
 (a) Full employment (b) Voluntary unemployment (c) Involuntary unemployment (d) Under employment
- 78) The core of the classical theory of employment is _____

- (a) Law of Diminishing Return (b) Law of Demand (c) Law of Markets (d) Law of Consumption
- 79) Keynes attributes unemployment to_____
- (a) A lack of effective supply (b) A lock of effective demand (c) A lack of both (d) None of the above
- 80) _____ Flexibility brings equality between saving and investment
- (a) Demand (b) Supply (c) Capital (d) Interest
- 81) _____ theory is a turning point in the development of modern economic theory.
- (a) Keynes' (b) Say's (c) Classical (d) Employmen
- 82) The basic concept used in Keynes Theory of Employment and Income is_____
- (a) Aggregate demand (b) Aggregate supply (c) Effective demand (d) Marginal Propensity Consume
- 83) The component of aggregate demand is_____
- (a) Personal demand (b) Government expenditure (c) Only export (d) Only import
- 84) Aggregate supply is equal to_____
- (a) $C + I + G$ (b) $C + S + G + (x-m)$ (c) $C + S + T + (x-m)$ (d) $C + S + T + R_f$
- 85) Keynes theory pursues to replace laissez faire by _____
- (a) No government intervention (b) Maximum intervention (c) State intervention in certain situation (d) Private sector intervention
- 86) In Keynes theory of employment and income, _____ is the basic cause of economic depression
- (a) Less production (b) More demand (c) Inelastic supply (d) Less aggregate demand in relation to productive capacity
- 87) Classical theory advocates_____
- (a) Balanced budget (b) Unbalanced budget (c) Surplus budget (d) Deficit budget
- 88) Keynes theory emphasized on_____ equilibrium
- (a) Very short run (b) Short run (c) Very long run (d) Long run
- 89) According to classical theory, rate of interest is a reward for _____
- (a) Investment (b) Demand (c) Capital (d) Saving
- 90) In Keynes theory , the demand for and supply of money are determined by _____
- (a) Rate of interest (b) Effective demand (c) Aggregate demand (d) Aggregate supply
- 91) Say's law stressed the operation of_____ in the economy
- (a) Induced price mechanism (b) Automatic price mechanism (c) Induced demand (d) Induced investment
- 92) Every able bodied person who is willing to work at the prevailing wage rate but not employed is called _____
- (a) Full employment (b) Under employment (c) Unemployment (d) Employment opportunity
- 93) Rate of interest is a stock
- (a) Socialism (b) Keynesianism (c) Classicism (d) All the above
- 94) _____ has inherent contradictions.
- (a) Socialism (b) Traditional (c) Capitalism (d) Economy

- 95) Which of the following economies have the unemployment is purely temporary or cyclical or frictional?
 (a) Developed Economies (b) Underdeveloped economies (c) Developing economics (d) None of the above
- 96) Which of the following economies largely structural unemployment which is due to slow rate of capital formation?
 (a) Developing economies (b) Underdeveloped economies (c) Developed economies (d) None of the above
- 97) In the classical theory, one of the following is an important assumption
 (a) Wages and prices are inflexible (b) There is full employment (c) Agents are price setters (d) Adjustment is through quantity
- 98) In the Keynesian two sector economy, $AD > AS$, then
 (a) $S=I$ (b) $S >$ (c) $S < I$ (d) $S=0$
- 99) Assertion (A) :Aggregate supply function is an increasing function of the level of employment.
 Reason (R) :Aggregate supply refers to the value of total output of goods and services produced in an economy in a year.
 (a) Both A and R are true and R is the correct explanation of A. (b) Both A and R are true but R is not the correct explanation of A. (c) A is true but R is false (d) A is false but R is true

100) Match the correct codes

1	Modern technology being capital intensive requires slanderingness contributes to technological unemployment.	i	Technical Unemployment
2	Due to drastic change in the structure of the societ	ii	StructuralUnemployment
3.	Occurs when more people are than what is actually required	iii	Seasonal Unemployment
4.	ice cream industry, holiday resorts etc	iv	Disguised unemployment

- (a) (1) – (i) (2) – (ii) (3) – (iii) (4) – (iv) (b) (1) – (ii) (2) – (iii) (3) – (iv) (4) – (i) (c) (1) – (iv) (2) – (iii) (3) – (i) (4) – (ii) (d) (1) – (i) (2) – (ii) (3) – (iii) (4) – (iv)

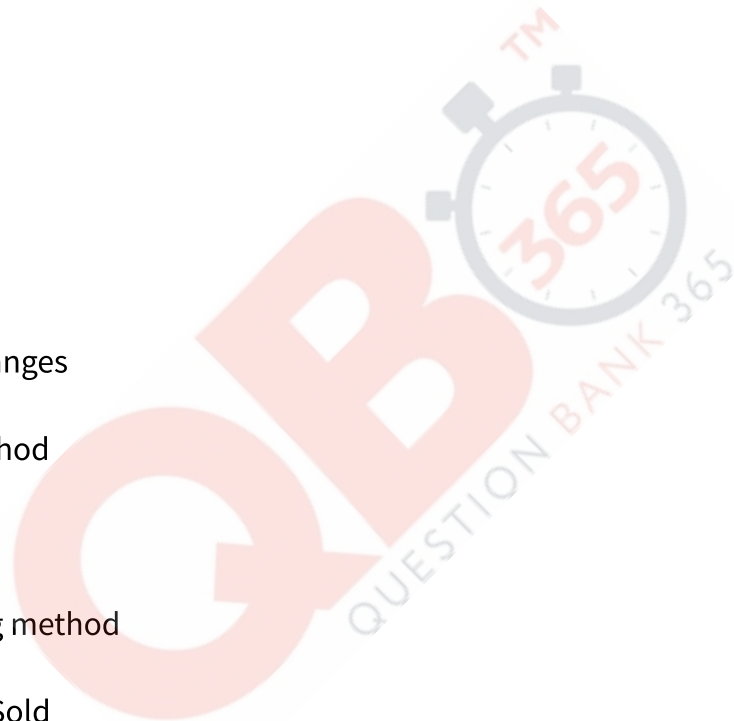
- 1) (d) micro and macro
- 2) (c) Ragnar Frisch
- 3) (b) J M Keynes
- 4) (b) Income Theory
- 5) (d) aggregates
- 6) (b) General Theory
- 7) (c) Inflation
- 8) (d) all the above
- 9) (c) Production and Consumption
- 10) (d) All the above

- 11)
(a) Capitalistic Economy
- 12)
(d) Socialism
- 13)
(a) Adam Smith
- 14)
(b) America
- 15)
(b) Karl Marx
- 16)
(d) Mixed Economy
- 17)
(b) stock
- 18)
(c) income
- 19)
(a) Households and Firms
- 20)
(c) Four Sector Model
- 21)
(d) Both 'a' and 'b'
- 22)
(d) Supply and demand
- 23)
(b) J. R. Hicks
- 24)
(a) Both (A) and (R) are true and (R) is the correct explanation of (A).
- 25)
(d) All of the above are macro economic goals
- 26)
(c) A is true but R is false
- 27)
(c) Circular Flow
- 28)
(a) economic decisions occur in markets
- 29)
(c) mixed market economy
- 30)
(d) Aggregate economic phenomena like the rate of unemployment and inflation
- 31)
(a) National Income
- 32)
(c) Agriculture

- 33)
(b) Three
- 34)
(d) Income
- 35)
(d) GNP
- 36)
(a) Construction sector
- 37)
(a) Service
- 38)
(c) Economic
- 39)
(b) Population of a country
- 40)
(c) GDP
- 41)
(a) Net National Product
- 42)
(b) Depreciation
- 43)
(a) April 1 to March 31
- 44)
(c) Net Domestic Product
- 45)
(a) NNP at factor cost
- 46)
(b) Per capita income
- 47)
(d) Real national income
- 48)
(c) Monthly income
- 49)
(b) Economic welfare
- 50)
(a) Private sector
- 51)
(d) Gross National Product
- 52)
(b) NNP at Market Prices - Indirect taxes + Subsidies.
- 53)
(d) Depreciation
- 54)
(c) Final goods



- 55)
(c) Indirect taxes
- 56)
(c) Personal Income
- 57)
(d) Income
- 58)
(c) Double Counting
- 59)
(b) Dividing GNP by population
- 60)
(a) NDP
- 61)
(b) 460
- 62)
(c) Product
- 63)
(a) Industry
- 64)
(b) Banking
- 65)
(c) index of price changes
- 66)
(b) value added method
- 67)
(b) arbitration
- 68)
(a) social accounting method
- 69)
(a) Price x Quantity Sold
- 70)
(a) Both A and R are true and R is the correct explanation of A.
- 71)
(a) Both A and R are true and R is the correct explanation of A.
- 72)
(a) Full employment
- 73)
(c) Dynamic society
- 74)
(a) Zero
- 75)
(b) Economy is always in the state of equilibrium
- 76)
(b) Classical Economist



- 77)
(d) Under employment
- 78)
(c) Law of Markets
- 79)
(b) A lack of effective demand
- 80)
(d) Interest
- 81)
(a) Keynes'
- 82)
(c) Effective demand
- 83)
(b) Government expenditure
- 84)
(c) $C + S + T + (x-m)$
- 85)
(d) Private sector intervention
- 86)
(d) Less aggregate demand in relation to productive capacity
- 87)
(a) Balanced budget
- 88)
(b) Short run
- 89)
(d) Saving
- 90)
(a) Rate of interest
- 91)
(b) Automatic price mechanism
- 92)
(c) Unemployment
- 93)
(c) Classicism
- 94)
(c) Capitalism
- 95)
(a) Developed Economies
- 96)
(a) Developing economies
- 97)
(b) There is full employment
- 98)
(c) $S < I$

99)

(b) Both A and R are true but R is not the correct explanation of A.

100)

(a) (1) – (i) (2) – (ii) (3) – (iv) (4) – (iii)

