12th
STD

ECONOMICS

SCHOOL EDUCATION DEPARTMENT

KRISHNAGIRI DISTRICT

HIGHER SECONDARY-SECOND YEAR

ECONOMICS

SPECIAL GUIDE [2025-26]

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One Marks   Std :12th

1. Introduction to Macro 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) Globalisic 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) Globalisic 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) assests **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

ECONOMICS

2. National Income

1. Net National product at factor cost is also known as
a) National Income b) Domestic Income c) Per capita Income d) Salary.
2. Primary sector is …………………..
a) Industry b) Trade **c) Agriculture** d) Construction.
3. National income is measured by using ……….. methods.
a) Two **b) Three** c) Five d) Four
4. Income method is measured by summing up of all forms of ……………
a) Revenue b) Taxes c) expenditure **d) Income**
5. Which is the largest figure?
a) Disposable income b) Personal Income c) NNP **d) GNP**
6. Expenditure method is used to estimate national income in …………..
a) Construction sector b) Agricultural Sector c) Service sector d) Banking sector
7. Tertiary sector is also called as ………. sector
a) Service b) Income c) Industrial d) Production
8. National income is a measure of the ……… performance of an economy.
a) Industrial b) Agricultural **c) Economic** d) Consumption
9. Per capita income is obtained by dividing the National income by …………
a) Production **b) Population of a country** c) Expenditure d) GNP
10. GNP = ………. + Net factor income from abroad.
a) NNP b) NDP **c) GDP** d) Personal income
11. NNP stands for ………. **a) Net National Product** b) National Net product
c) National Net Provident d) Net National Provident
12. ……… is deducted from gross value to get the net value.
a) Income **b) Depreciation** c) Expenditure d) Value of final goods
13. 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
14. 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
15. 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
16. The average income of the country is ….
a) Personal Income **b) Per capita income** c) Inflation Rate d) Disposal Income
17. The value of national income adjusted for inflation is called ….
a) Inflation Rate b) Disposal Income c) GNP **d) Real national income**
18. Which is a flow concept ?
a) Number of shirts b) Total wealth **c) Monthly income** d) Money supply
19. PQLI is the indicator of ………………
a) Economic growth **b) Economic welfare** c) Economic progress d) Economic development
20. The largest proportion of national income comes from …….
a) Private sector b) Local sector c) Public sector d) None of the above

ECONOMICS

3. Theories of Employment and Income

1. 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

2. Structural unemployment is a feature in a ………..

a) Static society b) Socialist society **c) Dynamic society** d) Mixed economy

3. In disguised unemployment, the marginal productivity of labour is …..

a) **Zero** b) One c) Two d) Positive

4. The main concention 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

5. J.B. Say is a …………………….

a) Neo Classical Economist **b) Classical Economist** c) Modern Economist d) New Economist

6. According to Keynes, which type of unemployment prevails in capitalist economy ?

a) Full employment b) Voluntary unemployment

c) Involuntary unemployment **d) Under employment**

7. 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

8. 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

9. ………. Flexibility brings equality between saving and investment.

a) Demand b) Supply c) Capital **d) Interest**

10. …………… theory is a turning point in the development of modern economic theory.

a) **Keynes'** b) Say's c) Classical d) Employment

11. 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

12. The component of aggregate demand is ………….

a) Personal demand b) **Government expenditure** c) Only export d) Only import

13. 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 + Rf**

14. 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

15. 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.

16. Classical theory advocates ……

a) **Balanced budget** b) Unbalanced budget c) Surplus budget d) Deficit budget

17. Keynes theory emphasized on …… equilibrium.

a) Very short run **b) Short run** c) Very long run d) Long run

18. According to classical theory, rate of interest is a reward for ……

a) Investment b) Demand c) Capital **d) Saving**

19. 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

20. Say's law stressed the operation of …………. in the economy.   a) Induced price mechanism

b) **Automatic price mechanism** c) Induced demand d) Induced investment

4. Consumption and Investment Functions

1. The average propensity to consume is measured by

 a) C/Y b) CxY c) Y/C d) C+Y

2. An increase in the marginal propensity to consume will:

a) Lead to consumption function becoming steeper b) Shift the consumption function upwards

c) Shift the consumption function downwards d) Shift savings function upwards

3. If the Keynesian consumption function is C=10+0.8 Y then, if disposable income is Rs 1000, what is amount of total consumption?   a) ₹ 0.8 b) ₹ 800 **c) ₹ 810** d) ₹ 0.81

4. If the Keynesian consumption function is C=10+0.8Y then, when disposable income is Rs 100,what is the marginal propensity to consume?   **a) ₹ 0.8** b) ₹ 800 c) ₹ 810 d) ₹ 0.81

5. If the Keynesian consumption function is C=10+0.8 Y then, and disposable income is Rs100,what is the average propensity to consume?   a) ₹ 0.8 b) ₹ 800 c) ₹ 810 **d) ₹0.9**

6. As national income increases

a) The APC falls and gets nearer in value to the MPC. b) The APC always approaches infinity.

c) The APC increases and diverges in value from the MPC. d) The APC stays constant

7. As increase in consumption at any given level of income is likely to lead

a) Higher aggregate demand b) An increase in exports

c)A fall in taxation revenue d) A decrease in import spending

8. Lower interest rates are likely to :   a) Decrease in consumption b) increase cost of borrowing

c) Encourage saving **d) increase borrowing and spending**

9. The MPC is equal to :   a) Total spending / total consumption b) Total consumption/total income

c) Change in consumption /change in income d) none of the above.

10. The relationship between total spending on consumption and the total income is the

a) Consumption function b) Savings function c) Investment function

d) aggregate demand function

11. The sum of the MPC and MPS is _____

a) 1 b) 2 c) 0.1 d) 1.1

12. As income increases, consumption will _____ a) fall b) not change c) fluctuate **d) increase**

13. When investment is assumed autonomous the slope of the AD schedule is determined by the

a) marginal propensity to invest b) disposable income

c) marginal propensity to consume d) average propensity to consume

14. The multiplier tells us how much _____ changes after a shift in _____

a) Consumption , income b) investment, output

c) savings, investment **d) output, aggregate demand**

15. The multiplier is calculated as   a) 1/(1-MPC) b) 1/MPS c) 1/MPC **d) a and b**

16. It the MPC is 0.5, the multiplier is _____   **a) 2** b)1/2 c) 0.2 d) 20

17. In an open economy import _____ the value of the multiplier

a) Reduces b) increase c) does not change d) changes

18. According to Keynes, investment is a function of the MEC and _____

a) Demand b) Supply c) Income **d) Rate of interest**

19. The term super multiplier was first used by

a) J.R.Hicks b) R.G.D. Allen c) Kahn d) Keynes

20. The term MEC was introduced by

a) Adam Smith **b) J.M. Keynes** c) Ricardo d) Malthus

5. Monetary Economics

1. The RBI Headquarters is located at
a) Delhi b) Chennai **c) Mumbai** d) Bengaluru

2. Money is   a) acceptable only when it has intrinsic value b) constant in purchasing power
c) the most liquid of all assets d) needed for allocation of resources

3. Paper currency system is managed by the
a) Central Monetary authority b) State Government c) Central Government d) Banks

4. The basic distinction between M1 and M2 is with regard to .
a) post office deposits **b) saving deposits with post office savings bank**
c) saving deposits of banks d) currency

5. Irving Fisher's Quantity Theory of Money was popularized in
a) 1908 b) 1910 **c) 1911** d) 1914.

6. MV stands for   a) demand for money **b) supply of legal tender money**
c) Supply of bank money d) Total supply of money

7. Inflation means   **a) Prices are rising** b) Prices are falling
c) Value of money is increasing d) Prices are remaining the same

8. _____ inflation results in a serious depreciation of the value of money.
a) Creeping b) Walking c) running **d) Hyper**

9. _____ inflation occurs when general prices of commodities increases due to increase in production costs such as wages and raw materials.
a) Cost-push b) demand pull c) running d) galloping

10. During inflation, who are the gainers?
a) Debtors b) Creditors c) Wage and salary earners d) Government

11. _____ is a decrease in the rate of inflation.
a) Disinflation b) Deflation c) Stagflation d) Depression

12. Stagflation combines the rate of inflation with
a) Stagnation b) employment c) output d) price

13. The study of alternating fluctuations in business activity is referred to in Economics as
a) Boom b) Recession c) Recovery **d) Trade cycle**

14. During depression the level of economic activity becomes extremely
a) high b) bad **c) low** d) good

15. "Money can be anything that is generally acceptable as a means of exchange and that the same time acts as a measure and a store of value", This definition was given by
a) Crowther b) A.C.Pigou c) F.A.Walker d) Francis Bacon

16. Debit card is an example of
a) currency b) paper currency **c) plastic money** d) money

17. Fisher's Quantity Theory of money is based on the essential function of money as
a) measure of value b) store of value **c) medium of exchange** d) standard of deferred payment

18. V in MV = PT equation stands for   a) Volume of trade **b) Velocity of circulation of money**
c) Volume of transaction d) Volume of bank and credit money

19. When prices rise slowly, we call it
a) galloping inflation **b) mild inflation** c) hyper inflation d) deflation

20. _____ inflation is in no way dangerous to the economy.
a) walking b) running **c) creeping** d) galloping

ECONOMICS

6. Banking

1. A Bank is a **a) Financial institution** b) Corporate c) An Industry d) Service institutions

2. A Commercial Bank is an institutions that provides services

a) Accepting deposits b) Providing loans **c) Both a and b** d) None of the above

3. The Functions of commercial banks are broadly classified into

a) Primary Functions b) Secondary functions c) Other functions **d) a, b, and c**

4. Bank credit refers to

a) Bank Loans b) Advances **c) Bank loans and advances** d) Borrowings

5. Credit creation means.

a) Multiplication of loans and advances b) Revenue c) Expenditure d) Debt

6. NBFI does not have.

a) Banking license b) government approval

c) Money market approval d) Finance ministry approval

7. Central bank is --------------- authority of any country.

a) Monetary b) Fiscal c) Wage d) National Income

8. Who will act as the banker to the Government of India?

a) SBI b) NABARD c) ICICI **d) RBI**

9. Lender of the last resort is one of the functions of.

a) Central Bank b) Commercial banks c) Land Development Banks d) Co-operative banks

10. Bank Rate means.

a) Re-discounting the first class securities b) Interest rate c) Exchange rate d) Growth rate

11. Repo Rate means.

a) Rate at which the Commercial Banks are willing to lend to RBI

b) Rate at which the RBI is willing to lend to commercial banks

c) Exchange rate of the foreign bank d) Growth rate of the economy

12. Moral suasion refers.

a) Optimization b) Maximization **c) Persuasion** d) Minimization

13. ARDC started functioning from

a) June 3, 1963 b) July 3, 1963 c) June 1, 1963 **d) July 1, 1963**

14. NABARD was set up in.

a) July 1962 b) July 1972 **c) July 1982** d) July 1992

15. EXIM bank was established in.

a) June 1982 b) April 1982 c) May 1982 **d) March 1982**

16. The State Financial Corporation Act was passed by

a) Government of India b) Government of Tamilnadu

c) Government of Union Territories d) Local Government.

17. Monetary policy his formulated by.

a) Co-operative banks b)Commercial banks **c) Central Bank** d) Foreign banks

18. Online Banking is also known as.

a) E-Banking **b) Internet Banking** c) RTGS d) NEFT

19. Expansions of ATM. **a) Automated Teller Machine** b) Adjustment Teller Machine

c) Automatic Teller mechanism d) Any Time Money

20. 2016 Demonetization of currency includes denominations of

a) ₹ 500 and ₹ 1000 b) ₹ 1000 and ₹ 2000 c) ₹ 200 and₹ 500 d) All the above

ECONOMICS

7. International Economics

1. Trade between two countries is known as …………. trade
a) External b) Internal c) Inter-regional d) Home
2. Which of the following factors influence trade?   a) The stage of development of a product
 b) The relative price of factors of productions. c) Government. **d) All of the above.**
3. International trade differs from domestic trade because of
a) Trade restrictions b) Immobility of factors   c) Different government policies **d) All the above**
4. In general, a primary reason why nations conduct international trade is because
a) Some nations prefer to produce one thing while others produce another
b) Resources are not equally distributed among all trading nations
c) Trade enhances opportunities to accumulate profits
d) Interest rates are not identical in all trading nations
5. Which of the following is a modern theory of international trade?
a) absolute cost b) comparative cost   **c) Factor endowment theory** d) none of these
6. Exchange rates are determined in
a) money market **b) foreign exchange market** c) stock market d) capital market
7. Exchange rate for currencies is determined by supply and demand under the system of
a) Fixed exchange rate **b) Flexible exchange rate** c) Constant d) Government regulated
8. Net export equals ……
a) Export x Import b) Export + Import **c) Export – Import** d) Exports of services only
9. Who among the following enunciated the concept of single factoral terms of trade?
a) Jacob Viner b) G.S.Donens c) Taussig d) J.S.Mill
10. Terms of Trade of a country show ……………   a) Ratio of goods exported and imported
b) Ratio of import duties **c) Ratio of prices of exports and imports** d) Both (a) and (c)
11. Favourable trade means value of exports are ……. Than that of imports.
a) More b) Less c) More or Less d) Not more than
12. If there is an imbalance in the trade balance (more imports than exports), it can be reduced by
a) decreasing customs duties b) increasing export duties **c) stimulating exports** d) stimulating imports
13. BOP includes   a) visible items only b) invisible items only
c) both visible and invisible items d) merchandise trade only
14. Components of balance of payments of a country includes
a) Current account b) Official account c) Capital account **d) All of above**
15. In the case of BOT,   **a) Transactions of goods are recorded.**
b) Transactions of both goods and services are recorded.
c) Both capital and financial accounts are included. d) All of these
16. Tourism and travel are classified in which of balance of payments accounts?
 a)merchandise trade account **b) services account** c)unilateral transfers account d) capital account
17. Cyclical disequilibrium in BOP occurs because of
a) Different paths of business cycle.
b) The income elasticity of demand or price elasticity of demand is different.
c) long-run changes in an economy **d) Both (a) and (b).**

ECONOMICS

18. Which of the following is not an example of foreign direct investment?

a) the construction of a new auto assembly plant overseas

b) the acquisition of an existing steel mill overseas

c) the purchase of bonds or stock issued by a textile company overseas

d) the creation of a wholly owned business firm overseas

19. Foreign direct investments not permitted in India

a) Banking **b) Automic energy** c) Pharmaceutical d) Insurance

20 Benefits of FDI include, theoretically

a) Boost in Economic Growth b) Increase in the import and export of goods and services

c) Increased employment and skill levels **d) All of these**

8. International Economic Organisations

1. International Monetary Fund was an outcome of

a) Pandung Conference b) Dunkel Draft **c) Bretton Woods Conference** d) Doha Conference

2. International Monetary Fund is having its headquarters at

a) Washington D.C. b) New York c) Vienna d) Geneva

3. IBRD is otherwise called

a) IMF **b) World Bank** c) ASEAN d) International Finance Corporation

4. The other name for Special Drawing Rights is

a) Paper gold b) Quotas c) Voluntary Export Restrictions d) None of these

5. The organization which provides long term loan is

a) World Bank b) International Monetary Fund c) World Trade Organisation d) BRICS

6. Which of the following countries is not a member of SAARC?

a) Sri Lanka **b) Japan** c) Bangladesh d) Afghanistan

7. International Development Association is an affiliate of

a) IMF **b) World Bank** c) SAARC d) ASEAN

8. ---------- relates to patents, copyrights, trade secrets, etc.,

a) TRIPS b) TRIMS c) GATS d) NAMA

9. The first ministerial meeting of WTO was held at **a) Singapore** b) Geneva c) Seattle d) Doha

10. ASEAN meetings are held once in every _____ years a) 2 **b) 3** c) 4 d) 5

11. Which of the following is not the member of SAARC?

a) Pakistan b) Sri Lanka c) Bhutan **d) China**

12. SAARC meets once in ----------- years. **a) 2** b) 3 c) 4 d) 5

13. The headquarters of ASEAN is **a) Jaharta** b) New Delhi c) Colombo d) Tokyo

14. The term BRIC was coined in **a) 2001** b) 2005 c) 2008 d) 2010

15. ASEAN was created in a) 1965 **b) 1967** c) 1972 d) 1997

16. The Tenth BRICS Summit was held in July 2018 at

a) Beijing b) Moscow **c) Johannesburg** d) Brasilia

17. New Development Bank is associated with **a) BRICS** b) WTO c) SAARC d) ASEAN

18. Which of the following does not come under'Six dialogue partners'of ASEAN?

a) China b) Japan c) India **d) North Korea**

19. SAARC Agricultural Information Centre (SAIC) works as a central information institution for agriculture related resources was founded on a) 1985 **b) 1988** c) 1992 d)1998

20. BENELUX is a form of

a) Free trade area b) Economic Union c) Common market **d) Customs union**

9. Fiscal Economics

1. The modern state is   a) Laissez-faire state b) Aristocratic state **c) Welfare state** d) Police state

2. One of the following is NOT a feature of private finance

a) Balancing of income and expenditure b) Secrecy c) Saving some part of income **d) Publicity**

3. The tax possesses the following characteristics

a) Compulsory b) No quid pro quo c) Failure to pay is offence **d) All the above**

4. Which of the following canons of taxation was not listed by Adam smith?

a) Canon of equality b) Canon of certainty   c) Canon of convenience **d) Canon of simplicity**

5. Consider the following statements and identify the correct ones.

i. Central government does not have exclusive power to impose tax which is not mentioned in state or concurrent list.

ii. The Constitution also provides for transferring certain tax revenues from union list to states.

a) i only **b) ii only** c) both d) none

6. GST is equivalence of   **a) Sales tax** b) Corporation tax c) Income tax d) Local tax

7. The direct tax has the following merits except

a) equity **b) convenient** c) certainty d) civic consciousness

8. Which of the following is a direct tax?

a) Excise duty **b) Income tax** c) Customs duty d) Service tax

9. Which of the following is not a tax under Union list?

a) Personal Income Tax b) Corporation Tax   **c) Agricultural Income Tax** d) Excise duty

10. "Revenue Receipts" of the Government do not include

a) Interest b) Profits and dividends   c) Recoveries and loans **d) Rent from property**

11. The difference between revenue expenditure and revenue receipts is

a) Revenue deficit b) Fiscal deficit c) Budget deficit d) Primary deficit

12. The difference between total expenditure and total receipts including loans and other liabilities is called   **a) Fiscal deficit** b) Budget deficit c) Primary deficit d) Revenue deficit

13.The primary purpose of deficit financing is

a) Economic development b) Economic stability c) Economic equality d) Employment generation

14. Deficit budget means   a) An excess of government's revenue over expenditure

b) An excess of government's current expenditure over its current revenue

c) An excess of government's total expenditure over its total revenue   d) None of above

15. Methods of repayment of public debt is

a) Conversion b) Sinking fund c) Funded debt **d) All these**

16. Conversion of public debt means exchange of

a) new bonds for the old ones **b) low interest bonds for higher interest bonds**

c) Long term bonds for short term bonds d) All the above

17.The word budget has been derived from the French word "bougette" which means

a) A small bag b) An empty box c) A box with papers d) None of the above

18. Which one of the following deficits does not consider borrowing as a receipt?

a) Revenue deficit b) Budgetary deficit   **c) Fiscal deficit** d) Primary deficit

19. Finance Commission determines

a) The finances of Government of India **b) The resources transfer to the states**

c) The resources transfer to the various departments d) None of the above

ECONOMICS

20. Consider the following statements and identify the right ones.
i. The finance commission is appointed by the President
ii. The tenure of Finance commission is five years
   a) i only b) ii only **c) both** d) none

10. Environmental Economics

1. The term environment has been derived from a French word -----------.
a) Environ b) Environs **c) Environia** d) Envir

2. The word biotic means environment   **a) living** b) non-living c) physical d) None of the above

3. Ecosystem is smallest unit of   a) Ionosphere b) Lithosphere **c) Biosphere** d) Mesosphere

4. Who developed Material Balance Models?
a) Thomas and Picardy **b) AlenKneese and R.V. Ayres**
c) Joan Robinson and J.M. Keynes d) Joseph Stiglitz and Edward Chamberlin

5. Environmental goods are --------------
a) Market goods **b) Non-market goods** c) Both d) None of the above

6. In a pure public good, consumption is --------- a) Rival **b) Non-rival** c) Both d) None of the above

7. One of the most important market failures is caused by ------------
a) Positive externalities **b) Negative externalities**   c) Both d) None of the above

8. The common source of outdoor air pollution is caused by combustion processes from the following
a) Heating and cooking **b) Traditional stoves**   c) Motor vehicles d) All the above

9. The major contributor of Carbon monoxide is
a) Automobiles   b) Industrial process c) Stationary fuel combustion d) None of the above

10. Which one of the following causes of global warming?
a) Earth gravitation force b) Oxygen c) Centripetal force **d) Increasing temperature**

11. Which of the following is responsible for protecting humans from harmful ultraviolet rays?
a) UV-A b) UV-C **c) Ozone layer** d) None of the above

12. Global warming also refers to as
a) Ecological change b) Climate Change c) Atmosphere change **d) None of the above**

13. Which of the following is the anticipated effect of Global warming?
a) Rising sea levels **b) Changing precipitation**   c) Expansion of deserts d) All of the above

14. The process of nutrient enrichment is termed as
a) Eutrophication b) Limiting nutrients c) Enrichment d) Schistosomiasis

15. Primary cause of Soil pollution is -----------------
a) Pest control measures b) Land reclamation c) Agricultural runoff **d) Chemical fertilizer**

16. Which of the following is main cause for deforestation?
a) Timber harvesting industry b) Natural afforestation c) Soil stabilization d) Climate stabilization

17. Electronic waste is commonly referred as ----------
a) solid waste b) composite waste **c) e-waste** d) hospital waste

18. Acid rain is one of the consequences of ------------
a)Air pollution b) Water Pollution c) Land pollution d) Noise pollution

19. Sustainable Development Goals and targets are to be achieved by -------
a) 2020 b) 2025 **c) 2030** d) 2050

20. Alkali soils are predominantly located in the ------------ plains?
a) Indus-Ganga b) North-Indian c) Gangetic plains **d) All the above**

11. Economics of development and Planning

1. "Redistribution with Growth" became popular slogan which approach?

a) Traditional approach **b) New welfare oriented approach**

c) Industrial approach d) None of the above

2. Which is not the feature of economic growth?   a) Concerned with developed nations

b) Gradual change c) Concerned with quantitative aspect **d) Wider concept**

3. Which among the following is a characteristic of underdevelopment?

a) Vicious circle of poverty b) Rising mass consumption

c) Growth of Industries d) High rate of urbanization

4. The non-economic determinant of economic development

a) Natural resources **b) Human resource** c) Capital formation d) Foreign trade

5. Economic growth measures the ------- --------a) Growth of productivity b) Increase in nominal income **c) Increase in output** d) None of the above

6. The supply side vicious circle of poverty suggests that poor nations remain poor because

a) Saving remains low b) Investment remains low

c) There is a lack of effective government **d) a and b above**

7. Which of the following plan has focused on the agriculture and rural economy?

a) People's Plan b) Bombay Plan **c) Gandhian Plan** d) Vishveshwarya Plan

8. Arrange following plans in correct chronological order

a) People's Plan b) Bombay Plan c) Jawaharlal Nehru Plan d) Vishveshwarya Plan

Answer choices :   a) (i) (ii) (iii) (iv) **b) (iv) (iii) (ii) (i)**   c) (i) (ii) (iv) (iii) d) (ii) (i) (iv) (iii)

9. M.N. Roy was associated with --------- ------------

a) Congress Plan **b) People's Plan** c) Bombay Plan d) None of the above

10. Which of the following country adopts indicative planning?

a) France b) Germany c) Italy d) Russia

11. Short-term plan is also known as----- --------------

a) Controlling Plans b) De-controlling Plans c) Rolling Plans d) De-rolling Plans

12. Long-term plan is also known as ----- ----------------

a) Progressive Plans b) Non-progressive Plans **c) Perspective Plans** d) Non-perspective Plans

13. The basic philosophy behind long-term planning is to bring------------ changes in the economy?

a) Financial b) Agricultural c) Industrial **d) Structural**

14. Sarvodaya Plan was advocated by-------------

a) Mahatma Gandhi **b) J.P. Narayan** c) S. N Agarwal d) M.N. Roy

15. Planning Commission was set up in the year ---------   **a) 1950** b) 1951 c) 1947 d) 1948

16. Who wrote the book 'The Road to Serfdom'?

a) Friedrich Hayek b) H.R. Hicks c) David Ricardo d) Thomas Robert Malthus

17. Perspective plan is also known as ----

a) Short-term plan b) Medium-term plan **c) Long-term plan** d) None of the above

18. NITI Aayog is formed through--------------------   a) Presidential Ordinance

b) Allocation of business rules by President of India **c) Cabinet resolution** d) None of the above

19. Expansion of NITI Aayog?

a) National Institute to Transform India b) National Institute for Transforming India

c) National Institution to Transform India **d) National Institution for Transforming India**

20. The Chair Person of NITI Aayog is

a) Prime Minister b) President c) Vice – President d) Finance Minister

ECONOMICS

12. Introduction to Statistical Methods and Econometrics

1. The word 'statistics' is used as _____.

a) Singular. b) Plural **c) Singular and Plural.** d) None of above.

2. Who stated that statistics as a science of estimates and probabilities.

a) Horace Secrist. b) R.A Fisher. c) Ya-Lun-Chou **d) Boddington**

3. Sources of secondary data are _____.   a) Published sources. b) Unpublished sources.

c) neither published nor unpublished sources. **d) Both (A) and (B)**

4. The data collected by questionnaires are_____.

a) Primary data. b) Secondary data. c) Published data. d) Grouped data.

5. A measure of the strength of the linear relationship that exists between two variables is called:

a) Slope b) Intercept **c) Correlation coefficient** d) Regression equation

6. If both variables X and Y increase or decrease simultaneously, then the coefficient of correlation will be: **a) Positive** b) Negative c) Zero d) One

7. If the points on the scatter diagram indicate that as one variable increases the other variable tends to decrease the value of r will be:

a) Perfect positive b) Perfect negative **c) Negative** d) Zero

8. The value of the coefficient of correlation r lies between:

a) 0 and 1 b) -1 and 0 **c) -1 and +1** d) -0.5 and +0.5

9. The term regression was used by: a) Newton b) Pearson c) Spearman **d) Galton**

10. The purpose of simple linear regression analysis is to:

a) Predict one variable from another variable

b) Replace points on a scatter diagram by a straight-line

c) Measure the degree to which two variables are linearly associated

d) Obtain the expected value of the independent random variable for a given value of the dependent variable

11. A process by which we estimate the value of dependent variable on the basis of one or more independent variables is called:

a) Correlation **b) Regression** c) Residual d) Slope

12. If $Y = 2 - 0.2X$, then the value of Y intercept is equal to

a) -0.2 **b) 2** c) 0.2X d) All of the above

13. In the regression equation $Y = \beta 0 + \beta 1X$, the Y is called:

a) Independent variable **b) Dependent variable** c) Continuous variable d) none of the above

14. In the regression equation $Y = \beta 0 + \beta 1X$, the X is called:

a) Independent variable b) Dependent variable c) Continuous variable d) none of the above

15. Econometrics is the integration of

a) Economics and Statistics b) Economics and Mathematics

c) Economics, Mathematics and Statistics d) None of the above

16 . Econometric is the word coined by

a) Francis Galton **b) Ragnar Frish** c) Karl Person d) Spearsman

17. The raw materials of Econometrics are: **a) Data** b) Goods c) Statistics d) Mathematics

18. The term Ui in regression equation is

a) Residuals b) Standard error **c) Stochastic error term** d) none

19. The term Ui is introduced for the representation of

a) Omitted Variable b) Standard error c) Bias d) Discrete Variable

20. Econometrics is the amalgamation of

a) 3 subjects b) 4 subjects c) 2 subjects d) 5 subjects

2 Marks

1.Define Macro Economics.

➤ The study of the economy as a whole.

2.Define the term 'Inflation'.

➤ A steady increase in general price level

3.What is meant by an 'Economy'?

➤ "A system by which people earn their living" - A J Brown.

4.Classify the economies based on status of development.

- Developed
- Underdeveloped
- Undeveloped
- Developing economies.

5.What do you mean by Capitalism?

➤ Profit Motive and Price Mechanism.

6.Define 'Economic Model'.

➤ It is an explanation of how the economy works.

7.'Circular Flow of Income' - Define.

➤ Showing connections between different sectors of an economy.

8. Define National Income.

➤ National income is the value of all final goods and services produced in a country (one year)

9. Write the formula for calculating GNP.

➤ $GNP = C + I + G + (X – M) + (R – P)$

10. What is the difference between NNP and NDP?

❖ $NNP = GNP – Depreciation$

❖ $NDP = GDP – Depreciation$

11. Trace the relationship between GNP and NNP.

❖ $GNP = C + I + G + (X – M) + (R – P)$

❖ $NNP = GNP – Depreciation$

12. What do you mean by the term Personal Income?

❖ Total income received by the individuals of a country before payment of direct taxes.

13.Why is self-consumption difficult in measuring national income?

➤ Farmers keep a large portion of goods for their self-consumption.

ECONOMICS

14. Define GDP deflator.

GDP deflator = $\dfrac{\text{Nominal GDP}}{\text{Real GDP}}$ x 100

15. Define full employment.
- ❖ Keynes defines full employment as the absence of involuntary unemployment.

16. What is the main feature of rural unemployment?
- ❖ Disguised unemployment
- ❖ Seasonal unemployment.

17. Give short note on frictional unemployment.
- ❖ Imbalance between supply of labour and demand for labour.

18. List out the assumptions of Say's law.
- ❖ No single buyer or seller of commodity
- ❖ Full employment.

19. What is effective demand ?
- ❖ ED=Y=C=I=Output=Employment

20. What are the components of aggregate supply ?
- ❖ Aggregate Supply = C + S + T + Rf

21. What is consumption function? Or What do you mean by propensity to consume?
- ❖ Relationship between income and consumption.   C= f (Y)

22. Define average propensity to consume (APC).
- ❖ It is the ratio of the consumption expenditure to income.   • APC = C / Y

23. Define marginal propensity to consume (MPC).
- ❖ It is the ratio of change in consumption to change in income.   • MPC = ΔC / ΔY

24. What do you mean by propensity to save?
- ❖ Relationship between income and saving.   S= f (Y)

25. Define average propensity to save (APS).
- ❖ It is the ratio of saving to income.   • APS = S / Y

26. Define Multiplier.
- ❖ Change in national income to change in investment.   • K = ΔY / ΔI.

27. Define Accelerator.
- ❖ Change in induced investment to change in consumption   • (β)= ΔI / ΔC

ECONOMICS

28. Define Money.
- ❖ "Money is, what money does"- Walker.

29. What is barter?
- ❖ Exchange of goods for goods is known as "Barter Exchange"

30. What is commodity money?
- ❖ Everyone had to be willing to accept it as a payment for goods or services. Eg. salt

31. What is gold standard?
- ❖ The monetary unit is defined in terms of a certain weight of gold.

32. What is plastic money? Give example.
- ❖ Plastic money is the hard plastic cards used every day in place of actual bank notes. such as Cash cards, Credit cards, Debit cards.

33. What is Stagflation?
Stagnation + Inflation

34. Define public finance.
- ❖ Public finance is a study of the Income and expenditure of Government.

35. Define money
- ❖ "Money is what money does" – Walker

36. What is plastic money? Give example.
- ❖ The latest type of money is plastic money. Eg cash cards, debit cards, credit cards, etc.

37. What are the components of GST?
- ❖ CGST
- ❖ SGST
- ❖ IGST.

38. Differentiate tax and fee.

Tax	Fee
Tax is a compulsory payment	Fee is not compulsory payment
EX : Income Tax , Sales Tax	EX : Stamp fee

39. Mention the countries where per capita carbondioxide emission is the highest in the world
- ➤ USA, Japan, China, India

40. What are the remedial measures to control noise pollution?
• Use of noise barriers
• Traffic control

41. Define Global warming.
- ❖ The increase in temperature of the Earth's surface is called Global warming.

42. Specify the meaning of seed ball.
- ❖ A seed that has been wrapped in soil materials is called seed ball.

ECONOMICS

<center>3   Marks</center>

1. State the importance of Macro Economics.
- There is a need to understand the functioning of the economy at the aggregate level.
- Understanding the future problems, needs and challenges of an economy as a whole
- Macro economics provides ample opportunities to use scientific investigation to understand the reality.

2. Indicate the demerits of Socialism.
- Red Tapism and Bureaucracy
- Absence of Incentive
- Limited Freedom of Choice
- Concentration of Power

3. Outline the major merits of capitalism
- Automatic working
- Efficient use of resources
- Incentives of hard work
- Consumers sovereignty

4. Enumerate the features of mixed economy
- Coexistence of public and private sectors
- Economic planning
- Freedom and control

5. Briefly explain the two sector circular flow model.
There are only two sectors namely, **Household sector and Firm sector.**
- **Household: -** The household sector is the sole buyer of goods and services and sole suppler of factors of production.
- **Firms: -** Generate its revenue by selling goods and services to the household sector.

6. Differentiate between personal and disposable income.

Personal Income	Disposable Income
Personal income is the total income received by the individuals before payment of direct taxes in a year.	Disposable Income is the individual's income after the payment of income tax

7. Explain briefly NNP at factor cost.
- NNP refers to the market value of output.
- Whereas NNP at factor cost is the total of income payment made to factors of production.
- NNP at factor cost = NNP at Market prices – Indirect taxes + Subsidies.

8. What is the solution to the problem of double counting in the estimation of National Income?
- Any commodity which is either raw material or intermediate good for the final production should not be included.
- At every stage value added only should be calculated.

ECONOMICS

9. Write briefly about national income and welfare
- ➢ National Income is considered as an indicator of the economic wellbeing of a country.
- ➢ The economic progress of countries is measured in terms of their GDP per capita and their annual growth rate.
- ➢ Higher per capita income is supposed to enjoy greater economic welfare with a higher standard of living.

10. List out the uses of national income.
- ➢ i) To know the relative importance of the various sectors of the economy.
- ➢ ii) To formulate the national policies such as monetary policy, fiscal policy and other policies
- ➢ iii) To formulate planning and evaluate plan progress

11. Write short note on the implications of Say's law.
- ➢ There is no possibility for over production or unemployment.
- ➢ As automatic price mechanism operates in the economy
- ➢ Interest flexibility brings about equality between saving and investment.
- ➢ Money performs only the medium of exchange function in the economy.

12 .Explain Keynes' theory
- ➢ Keynes's theory was general theory as it tried to explain all types of situations.
- ➢ Keynes theory of employment was based on the view of the short run.
- ➢ According to him, the factors of production such as capital goods, supply of labour, technology and efficiency of labour remain unchanged.

13. What do you mean by aggregate demand? Mention its components.
- ● The aggregate demand is the amount of money which entrepreneurs expect to get by selling the output produced by the number of labourers employed.
- ● $AD = C + I + G + (X - M)$

C = Consumption demand, I = Investment demand, G = Government expenditure,
X-M = Net Export

14. Explain about aggregate supply with the help of a diagram.
- ➢ Aggregate supply is the value of total output of goods and services produced in an economy.

Figure.3.2
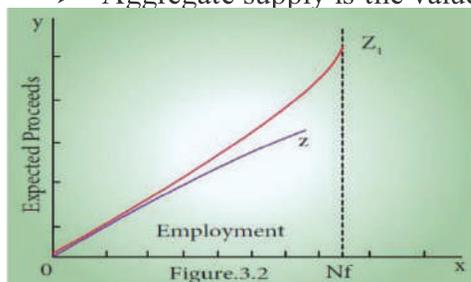
Aggregate supply = C + S + T + Rf =
Aggregate income generated in the
economy.

15. State the propositions of Keynes's Psychological Law of Consumption
- ➢ When income increases, consumption expenditure also increases but by a smaller amount.
- ➢ The increased amount will be divided in some proportion between consumption expenditure and saving.
- ➢ Increase in income always leads to increase in both consumption and saving.

16. Differentiate autonomous and induced investment.

Autonomous Investment	Induced Investment
Independent	Planned
Income Inelastic	Income Elastic
Welfare Motive	Profit Motive

17. Explain any three subjective and objective factors influencing the consumption function.
A) Subjective Factors
  ➢ The motive of precaution
  ➢ The motive of foresight
  ➢ The motive of calculation
B) Objective Factors
  ➢ Income Distribution
  ➢ Price level
  ➢ Wage level

18. State the concept of super multiplier.
  ➢ In order to measure the total effect of initial investment on income, Hicks has combined the k and β mathematically and given it the name of the Super Multiplier.
  ➢ $Y = C + IA + IP$

19. Describe canons of Taxation.
  ➢ Canon of Ability:
  ➢ Canon of Certainty:
  ➢ Canon of Convenience
  ➢ Canon of Economy

20. Mention any three similarities between public finance and private finance.
• Rationality
• Limit to borrowing
• Resource Utilisation
• Administration

21. What are the functions of a modern state?
• Defence
• Judiciary
• Enterprises
• Social Welfare
• Infrastructure
• Social Justice

22. State any three characteristics of taxation.
• A tax is a compulsory one.

• Every tax involves some sacrifice.

• A tax is not levied as a fine.

23. Point out any three differences between direct tax and indirect tax.

Direct Tax	Indirect tax
Progressive	Regressive
Falls on the same person	Falls on the different person
Cannot be shifted	Can be shifted

24. What is primary deficit?
  ➢ Primary deficit is equal to fiscal deficit minus interest payments.
  ➢ Primary Deficit (PD) = Fiscal deficit (PD) - Interest Payment (IP)

25. Mention any three methods of redemption of public debt.
  ➢ Sinking Fund
  ➢ Conversion
  ➢ Budgetary Surplus
  ➢ Terminal annuity

26. What are the causes of water pollution?
• Dumping of solid wastes
• Oil Spill
• Acid Rain
• Global Warming

27. State the meaning of e-waste.
• Electronic waste which is commonly referred as 'e-waste' is the new by-product of used electronic goods.   • Eg: refrigerators, Computer, Cell phones etc..

28. Write a note on (a) Climate change and (b) Acid rain
• **Climate Change:** The climate change refers to seasonal changes over a long period due to greenhouse gases in the atmosphere.
• **Acid Rain:** Acid rain is one of the consequences of air pollution.

ECONOMICS

5 MARKS

1. Discuss the scope of Macro Economics.
The scope of Macro Economics:

1.National Income:
National income is the value of all final goods and services produced in a country (one year)
2.Inflation:
  ● Inflation refers to steady increase in general price level.

3.Business Cycle:
- i) Boom ii) Recession iii) Depression iv) Recovery

4.Poverty and Unemployment:
- The major problems of most resource - rich nations are poverty and unemployment.

5.Economic Growth:
- The growth and development of an economy could be understood only through macro analysis.

6.Economic Policies

2. Compare the feature among Capitalism, Secularism and Mixedism.

S.No	Features	Capitalism	Socialism	Mixedism
1	Ownership of means of production	Private Ownership	Public Ownership	Private Ownership and Public Ownership
2	Economic Motive	Profit	Social welfare	Social welfare and profit motive
3	Income Distribution	Unequal	Equal	Less unequal
4	Economic Freedom	Complete freedom	Lack of Freedom	Limited freedom
5	Major Problem	Inequality	Inefficiency	Inequality and Inefficiency

3. Discuss the various methods of estimating the National Income of a country.

(i) . Production method
(ii). Income method
(iii). Expenditure method.

(i) . Production or value added method.
Product method measures the output of the country.

(ii).Income method or factor earning method.
$Y = w + r + I + \pi + (R - P)$,
Where, w = Wages, r = Rent, I = Interest, π = Profits, R = Exports and P = Imports.

(iii). Expenditure method.
$GNP = C + I + G + (X - M)$, where,
C = consumption   I = Investment
G = Government expenditure   X – M = Net Exports.

4. Explain the differences between classical theory and Keynes theory.

S.No	Keynesianism	Classicism
1	Short run equilibrium	Long run equilibrium
2	Saving is vice	Saving is social virtue
3	Underemployment	Full Employment
4	Demand creates its own supply	Supply creates its own demand
5	Budgeting should be adjusted	Balanced budget

ECONOMICS

5. Describe the types of unemployment.

1. Seasonal Unemployment
This type of unemployment occurs during certain seasons of the year.
2. Frictional unemployment
Frictional unemployment arises due to imbalance between supply of labour and demand for labour.
3. Educated unemployment
Sometimes educated people are under employed or unemployed when qualification does not match the job.
4. Technical Unemployment
Invention and innovations lead to the adoption of new techniques there by the existing workers are retrenched.
5. Structural Unemployment
6. Disguised Unemployment
7. Cyclical Unemployment

6. Explain the functions of money.

Functions of Money

i) Primary Functions:
1. As a medium of Exchange
2. As a measure of Value
ii) Secondary Functions:
1. As a store of Value
2. As a standard of deferred Payments
3. As a means of transferring Purchasing power
iii) Contingent Functions:
1. Basis of Credit System
2. Facilitates distribution of National Income
3. Helps to equalize Marginal Utilities and Marginal Productivities
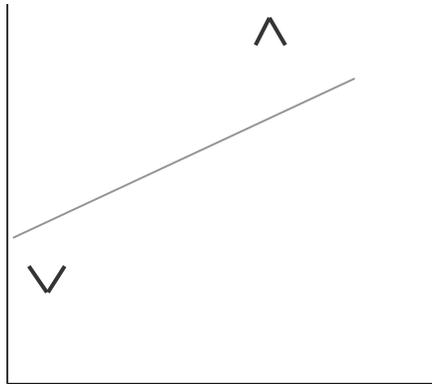4. Increases productivity of Capital
iv) Other Functions:
1. Helps to maintain repaying capacity
2. Represents generalized purchasing power
3. Gives liquidity to Capital

ECONOMICS

7. Describe the phases of Trade Cycle.

Phases of Trade Cycle : The four different phases of trade cycle is referred to as

(1) Boom

(2) Recession

(3) Depression

(4) Recovery.

(1) Boom: The full employment and the movement of the economy beyond full employment.

(2) Recession: The turning point from boom condition is called recession.

(3) Depression: During depression the level of economic activities becomes extremely low.

(4) Recovery: After a period of depression, recovery sets in.

0   Time   x

Boom

Recession

Depression

Recovery

Y

Level of real output

8. Elucidate the functions of Commercial Banks.

Functions of Commercial Banks

i). Primary Functions

1. Accepting Deposits
2. Advancing Loans

ii). Secondary Functions

1. Agency Services
2. General Utility Functions
3. Transferring Funds
4. Letter of Credit

iii). Other Functions

1. Money Supply
2. Credit Creation
3. Collection of Statistics

ECONOMICS

9. Describe the functions of Reserve Bank of India.
Functions of Reserve Bank of India:

(1).Monetary Authority
    It controls the supply of money in the economy.
(2) The Issue of Currency
    It is the sole authority to issue currency.

(3) Bankers to the Government
    It acts as banker both to the central and state Governments.
(4) Banker's Bank
    RBI is the bank of all banks in India.
(5) Lender of last resort
    The banks can borrow from the RBI.
(6) Act as clearing house
    For settlement of banking transactions, RBI manages 14 clearing houses

10. Explain the scope of public finance.
• Public Revenue
    Public revenue deals with the methods of raising public revenue.
• Public Expenditure
    The fundamental principles that govern the government expenditure.
• Public Debt
    The methods of raising loans from internal and external sources.
• Financial Administration
    The study of the different aspects of public budget.
• Fiscal Policy.
    Taxes, subsidies, public debt and public expenditure.

11. Explain the importance of sustainable development and its goals.
The Importance of Sustainable Development:
• End poverty
• End hunger
• Ensure healthy lives
• Ensure inclusive and quality education for all
• Achieve gender equality
• Ensure access to water and sanitation for all.
• Ensure access to modern energy for all.
• Promote employment

12. Discuss the economic determinants of economic development.
1. Natural Resource:
    ➢ The principal factor affecting the development of an economy is the availability of natural resources.
2. Capital Formation:
    ➢ Capital formation is the main key to economic growth.
3. Size of the Market:
    ➢ Large size of the market would stimulate production, increase employment and raise the National per capita income.

ECONOMICS

4. Structural Change:
➢ Structural change refers to change in the occupational structure of the economy.

5. Foreign Trade:
➢ The country which enjoys favorable balance of trade and terms of trade is always developed.

13. Bring out the arguments against planning.

1. Loss of freedom
➢ The absence of freedom in decision making may act as an obstacle for economic growth.

2. Elimination of Initiative
➢ Under centralized planning, there will be no incentive for initiatives and innovations

3. High cost of Management
➢ No doubt the fruits of planning such as industrialization, social justice and regional balance are good.

4. Difficulty in advance calculations
➢ Advance calculations in a precise manner are impossible to make decisions regarding the consumption and production.

14. Describe different types of planning

ECONOMICS