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| *4.* | Before 1921, India was in the first stage of demographic transition. |
| *5.* | During the colonial period, the service sector accounted for the largest share of workforce. |
| *6* | Opening of Suez Canal, reduced the cost of Transportation and made access to the Indian market easier. |
| *7* | During the British rule, the agricultural sector accounted 70-75% share of workforce which was largest. |
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| ***11*** | Per capita income is defined as the total national income of a country divided by its population in a specific period. |
| *12* | A stagnant economy is the one which shows little or no growth in income. |
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| *14* | The triangular relationship among the government, the owner and tiller of the soil is known as zamindari system. |
| *15* | On the eve of Independence, India was net exporter of agricultural goods. |
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| *17* | A high mortality rate during the british rule, was due to frequent famines. |
| *18* | There was no serious and systematic attempt to estimate GDP during the British rule. |
| *19* | Capital goods industry means industries which can produce machine goods. |
| *20* | Before independence the literacy rate was 35% |
| *21* | During british rule India became an exporter of manufactured goods. |
| ***22*** | Less than 50% of India’s foreign trade was restricted to Britain. |
| *23* | Strategically and economically Suez canal is one of the most important waterways in the world. |
| *24* | At the time of independence Indian economy was semi-feudal in nature. |
| *25* | Colonial rule is a system of political and social relationship between two countries. |

1. Reliance Group of Industries a public sector enterprises. true or false
2. indirect tax is a liability whose burden of payments shifted from one to another. true or false
3. losses incurred by public sector enterprises are to be made out of the public budget. true or false.
4. the World Trade Organisation WTO was formed in 1965 was the successor organisation to the general agreement on commerce and economics. true or false.
5. foreign investment includes both foreign direct investment FDI and foreign Iinstitutional investment FII. true or false.

Answers

1. False. 2. True. 3. True. 4. False. 5. True.

1.The programme of economic reforms in India was started in 1991. (true / False)

2.liberalisation implies greater role of public sector. (true / false)

3.BOP stands balance of payment.( true / False)

4 contraction of public sector categories into industrial sector reforms.( true / false)

5 disinvestment is a policy instrument to promote privatisation.(True / false)

Ans.1. true 2. false 3. true 4. true 5. true

True and False

Q1. In situation of inflationary gap, central bank reduces CRR. (false)

Q2. Investment refers to the expenditure incurred on creation of capital assets. ( true)

Q3. Excess demand refers to the situation when AD is greater than AS corresponding to full employment in the economy. (true)

Q4. MPC is thge ratio between desired consumption and income. (True)

Q5. Multiplier is directly proportional to MPS. (false)

Q6. Decrease in government spending is a measure to correct excess demand. (true)

Q7. Increase in money supply is a measure to correct excess demand. (false)

Q8. C can exceed Y, but S cannot. (true)

Q9. MPS refers to 1 – MPC. (true)

Q10. Multiplier process assumes the exsistence of excess capacity in the economy. (true)

Q11. An increase in the bank rate makes borrowing costlier for general public. (true)

Q12. RBI is selling government securities to the public to increase income and employment.

(false)

Q13. Equilibrium beyond the full employment level does not lead to rise in output level. (true)

Q14. Saving can never be negative. (false)

Q15. Under the situation of full employment there is no un-utilised capacity in the economy.

(true)

Q16. If the ratio of MPC and MPS is 8 : 2, the value of investment multiplier varies between zero and infinity. (tfalse)

Q17. As a measure of selective credit control, RBI can instruct commercial banks to advance more loan to people of income of 5 lakh. (true)

Q18. An increase in bank rate makes borrowings costlier for the general public. (true)

Q19. The rate at which C increases alwasys tends to be lower than the rate at which Y increases

(true)

Q20. If MPC is equal to 0.75, the value of investment multiplier will be 4 times. (true)

Q21. When investment multiplier is one the value of MPC is also 1. (false)

Q22. Value of multiplier will be infinity if MPC = 1. (true)

Q23 Value of investment multiplier varies between 0 and infinity. (false)

Q24. Increasing the margin securities from 20% to 30% by RBI is a selective credit control measure (true)

Q25. Excess demand generates greater employment opportunities in the economy. (false)

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Ans.1. true 2. false 3. true 4. true 5. true

REMEMBERING

Q.1 Flexible exchange rate is same as Floating exchange rate.

Q.2 Spot exchange rate is the rate that prevails at the time when transactions are incurred.

Q.3 Autonomous items are known as "below the line items".

Q.4 Autonomous transactions are done with motive of profit earning.

Q.5 Forward transactions are materialised on the spot.

Q.6 Flexible exchange rate depends upon supply and demand parameters of foreign exchange in the foreign exchange market.

UNDERSTANDING

Q.1 Foreign exchange rate term is associated with domestic trade.

Q.2 There is direct relationship between demand for foreign exchange and exchange rate.

Q.3 Direct foreign investment is source of demand for foreign exchnage.

Q.4 BoP always balance when accomodating items are reflected as a part of capital account of BoP.

Q.5 Devaluation in the value of a nation currency is determined by its demand and supply.

Q.6 Flexible exchange rate is determined by the WTO.

APPLYING

Q.1 With the fall in foreign exchange rate, supply of foreign currency increased.

Q.2 Greater flow of forex from RoW always indicates higher level of development of the domestic economy.

Q.3 Deficit in Balance of trade account indicates greater value of visible imports than value of visible export.

Q.4 If BoT is in deficit, BoP may not be in deficit.

Q.5 In the event of depreciation of the country's currency, it's export tend to increase while imports tend to decrease.

ANALYSIS AND EVALUATING

Q.1 Balance of Payment also includes Balance of Trade.

Q.2 The motive of autonomous items in balance of payment is to earn profit.

Q.3 Higher rate of inflation in the domestic economy causes deficit in balance of trade.

Q.4 Improvement in exchange rate of country currency necessarily means improvement in its BoP status.

Q.5 Foreign private loans are not included in the BoP accounts.

Q.6 There is no difference between BoT and Balance of current account.

Q.7 In the event of depreciation of a country's currency, its export tend to increase while import tend to decrease.

Q.8 Appreciation of the indian currency occurs when more rupees are to be paid for a US $.

Q.9 "Transfer to rest of the world" is a debit component of BoP on current account

Question 1. Import policy aimed at replacing and substituting imports with domestic production (T/F) T

Question 2. Marketed surplus is the amount of Agricultural production left after domestic consumption (T/F) F

question 3. land ceiling and land reforms are the policies adopted under the first phase of Green Revolution (T/F) F

Question 4. The spread of Green revolution Technology enabled India to attain self sufficiency in food grains. Now India no longer had to be at the mercy of America or any other Nation formatting its food requirement (T/F) T

Question 5. Meaning of modernization is restricted to the use of new technology only (T/F) F

of the Question

1. Disinvestment refers to selling off share capital of PSU( public Remembering

Sector undertaking to private enterprenur)

Ans.TRUE. selling of shares from public to private sector

2. Wealth tax is an example of indirect tax. Understanding

Ans. FALSE. It is an example of direct tax

3. FDI leads to economic colonialism. Analysing and evaluating

Ans.TRUE. implies ownership and management of domestic

Eneterprises by foreign companies

4. Tarrifs are imposed to restrict imports. Applying

Ans.TRUE. Purpose is to create revenue for domestic country

5. Economic reforms are called NEP. Remembering/understanding

Ans.TRUE. LPG was set to replace LQP in 1991

True false questions

1. Jan Dhan Yojana was launched to provide Financial Services to weaker section and low income group (remembering)
2. The objective behind establishment of WTO was to modernize public sector undertakings ((understanding)
3. Outsourcing is considered as an important outcome of process of globalisation( evaluation and analysis)
4. Transfer of government ownership of productive epithet to the private sector is called disinvestment

( analysing)

1. The current account BOP deficit often lead to you borrowing from rest of the world

( understanding)

Answers:

True- 1,3,5

False-2 it was to establish rule-based trade regime to ensure optimum utilisation of world resources

False-4 it is called denationalisation

**TRUE/FALSE**

* **REMEMBERING**

1. Primary deficit is the difference between revenue deficit and interest payments. [F]
2. Government budget is a statement of actual receipts & payments of the government.[F]
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6. Capital expenditure increases the liabilities of the government. [F]
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True And False

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Answers

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True and false:

1. In India primary sector contributes 25% of GDP. True or false.
2. Population of china is largest in the world.
3. Human development index of Pakistan is better than china.
4. First five year plan was introduced in India in April 1951.
5. Kerala is the state with highest literacy in India.
6. HDI is prepared by World health organization.
7. Pakistan is ahead of India with respect to sanitation.
8. Mixed economy is the special feature of china.
9. Density of population is largest in Pakistan.

10. MMR is highest in Pakistan.

11.China has the largest geographical territory but has low density of population.

12.China has the lowest annual growth rate of population.

13.India’s dependence on agriculture has been reduced due to growth in tertiary sector.

14.China has succeeded in planning greater reliance on industrial sector as compared to India and Pakistan.

15.Inward looking trade policy did not allow both India and Pakistan to take advantage of globalization.

16.Heavy dependence on exports has led to slow down of Chinese economy.

17.India has failed to tackle the povertyas much as China could.

18.In 1958 there were 26000 communes working in China.

19.The great leap policy followed by China is the sole reason for its higher GDP growth.

20.India stands at the higher position as per HDI in comparison to China and Pakistan.

TRUE/FALSE

Question 1. Import policy aimed at replacing and substituting imports with domestic production (T/F) T

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TRUE/FALSE

1) Land reforms and Green revolution are the initiatives which helped India to become self sufficient in food grains production.  
(True).        
Understanding.

2) import substitution AIMS at protecting for industries from domestic industries   
(False)  
Remembering.

3)Land reforms were the only reforms introduced to bring equity in agriculture.  
(False)  
Remembering and Understanding

4)the Green revolution enabled the government to procure sufficient amount of grains to build buffer stock.  
(True)  
(Understanding)

5)The effect of Tariffs and Quotas is that they restrict imports and protected domestic firms from foreign competition.  
(True)  
(Analysis and Evaluating.)

TRUE / FALSE

1. Growth leads to decline in percentage of agriculture to GDP. (True)
2. The policy of Import substitution focuses on saving foreign exchange. (True)
3. SSI promotes Balanced regional growth (True)
4. Export promotion saves foreign exchange. (False)
5. International Trade is based on the principle of comparative advantage. (True)

TRUE AND FALSE

1) India envised and economic system which combines the best features of socialism and capitalism.  
True  
Remembering

2) Excessive regulation on industrial licensing prevented public sector forms to become more efficient.  
(True)  
  
3) Contribution in GDP by primary, secondary and tertiary sector is called as occupational structure.  
True  
  
4) The land reforms aimed to reduce and widen equality among farmer  
False  
  
  
5) The proportion of people depending on agriculture did not decline as expected in the planning phase  
False

TRUE/FALSE

Question number 1)- the British started the Railways in India in 1850

Question number 2)- the basic aim of economic planning in India is the Rapid growth of the economic development in all the major factor of all the economy

Question number 3)- roads constructed prior to the advent of the Colonial rule were not fit for modern transport

Question number 4)- modernization refer only to the use of new technology

Question number 5)- land ceiling means fixing the minimum size of land which could be owned by an individual.

**TRUE/FALSE**

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| SR.. | True /False Type Questions Of The Chapter CURRENT CHALLENGES FACING INDIAN ECONOMY With Solution By \_\_\_\_\_\_\_\_\_\_\_\_\_ From \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Category of question with reason |
| 1.  2.  3.  4.  5. | The number of poor people estimated as the proportion of people below the poverty line , it is called head count ratio. (true)  Absolute poverty in India is measured in terms of GDP (false)  Sources of human capital formation are education, plant & machinery and raw materials (false)  NABARD is the apex institution at the national level for agricultural credit. (true)  Money lenders, landlords, relatives are the example of non-institutional sources. (true) | R  U  U  R  A |

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| 1  2  3  4  5. | Swarnjayanti gram swarozgar yojna was implemented in april 1999.  High proportion of population working in secondary and tertiary sector indicates economic growth  A healthy persons contribution to economic growth by providing uninterrupted labor supply for a longer period of time.  Casualization refers to the process when the proportions of casual wage workers in the total work force decrease over time.  Non commercial energy includes firewood , agricultural waste and dried dung and it command a high price. | True  R  True  A  True  E & A  False  R  False  E & A |

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| 1  2  3  4  5 | The contribution of an educated person to the economic growth is more than that of an illiterate person. T  Distribution of work force across primary, secondary and tertiary sector is called output distribution. F  The farming which relies on naturally occurring ecological process and biodiversity is called commercialization of agriculture. F  A computer operator in the state government office working on temporary basis is categorized as formal sector worker. F  All those who engaged in economic activities are included as employed. T | A  R  A  A  U |

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| 1.  2.  3.  4.  5. | Biotic components are non living elements like air, water, land etc. false  The brunt land commission is associated with welfare of planet earth. true  When resource extraction is lesser than regeneration of resources. It implies the carrying capacity of environment. True  A small farmer when the crop is abundant moves end of poverty line but when the crop fails he moves below the poverty line . He is categorized as a churning poor. True  National rural employment guarantee act 2005 promises 150 days of wage employment to the rural household. false | R  R  U & A  A  R |

|  |  |  |
| --- | --- | --- |
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| 1  2.  3.  4.  5. | The newly emerging jobs are found mostly in the service sector. True  Compare to urban women more rural women are found working. True  The counting of population is known as senses. False  Diversification towards livestock, fisheries etc increase the risk of losing income in primary sector. false .  Infant mortality is not the true indicator of health status of a country. false | R & U  R  U  A  A |