

Important MCQs for Class 12 Economics Board Exam 2024

Macro Economics

1. For a closed economy (with no foreign trade), which one of the following is correct?

- a) $GDP = GNP$
- b) $GDP > GNP$
- c) $GDP < GNP$
- d) $GDP + GNP = 0$

Answer. a) $GDP = GNP$

2. “The value of all goods and services can be expressed in monetary units.” On the basis of the given statement, identify the function performed by money:

- a) Medium of exchange
- b) Store of Value
- c) Unit of account
- d) Means of standard of deferred payments

Answer. c) Unit of account

3. Identify the correct reason(s) that may affect the demand for foreign exchange in an economy.

- I. Imports of visibles
- II. Exports of invisibles
- III. Remittances by residents working abroad
- IV. Purchase of assets abroad

Alternatives:

- a) I and II
- b) II and III
- c) III and IV
- d) I and IV

Answer. d) I and IV

4. Graphically, Aggregate Demand function can be obtained by vertically adding the _____ and _____ function. (Choose the correct alternative to fill up the blanks)

- a) consumption, saving
- b) consumption, investment
- c) investment, saving
- d) aggregate supply, consumption

Answer. b) consumption, investment

5. Owing to the Russia-Ukraine crisis, the world is experiencing rising crude prices due to supply-side issues. Identify the most likely impact on the Balance of Payment situation of the Indian economy from the following:

- a) Production of cars in India will rise.
- b) Production and sale of cycles in India will rise.
- c) Inflow of US Dollars in India will rise.
- d) Outflow of US Dollars from India will rise.

Answer. d) Outflow of US Dollars from India will rise

6. Read the following statements carefully:

Statement 1: Export of financial services by India will be recorded on credit side of current account.

Statement 2: Foreign Direct Investments in India will be recorded on credit side of capital account. In the light of the given statements, choose the correct alternative:

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

Answer. c) Both statements 1 and 2 are true

7. If increase in National Income is equal to increase in consumption, identify the value of Marginal Propensity to Save :

- a) Equal to unity
- b) Greater than one
- c) Less than one
- d) Equal to zero

Answer. d) Equal to zero

8. Read the following statement -Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A): Ex-post Investments represent planned Investments; whereas ex-ante Investments represent actual level of investments. Reason (R): At equilibrium level, Ex-ante Savings and Ex-ante Investments are always equal.

Alternatives:

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

Answer. d) Assertion (A) is false but Reason (R) is true.

9. The scenario which would lead to an increase in GDP, but might not necessarily improve overall welfare?

- a) Reduction in income inequality
- b) Rapid growth of the financial sector
- c) Expansion of environmentally harmful industries
- d) Increased government investment in education and healthcare

Answer. c) Expansion of environmentally harmful industries

1. A positive balance in the Capital Account of the Balance of Payments of a country indicates that:

- a) trade balance is positive
- b) currency is depreciating
- c) it is experiencing a budget surplus
- d) it is receiving more foreign investments than it is making abroad

Answer. d) it is receiving more foreign investments than it is making abroad

2. The interaction between the concept of the price level and the dynamics of aggregate demand in an economy is interconnected as:

- a) the price level increases, aggregate demand increases
- b) the price level increases, aggregate demand decreases
- c) changes in the price level have no impact on aggregate demand
- d) the relationship between the price level and aggregate demand is unpredictable

Answer. b) the price level increases, aggregate demand decreases

3. Which of the following best defines 'Unilateral Transfers' in the context of international transactions?

- a) Funds transferred internationally as loans for a specified tenure and interest rate.
- b) Trade transactions involving goods and services between two countries.
- c) Payments made by one party without expecting any return in the future.
- d) Investments made by a country in the stock market of another country.

Answer. Payments made by one party without expecting any return in the future

4. As the Marginal Propensity to Save (MPS) increases, the value of the investment multiplier _____. (Choose the correct alternative)

- A. increases
- B. decreases
- C. becomes zero
- D. does not change

Answer. B. decreases

5. The money exchanged in which of the following situations will not be considered as Invisible items under the Balance of Payments?

- A. An Indian flying to the US for his medical treatment.
- B. Oil India Limited (OIL) purchasing crude oil from Iraq.
- C. The Indian diaspora remitting money to their families at home
- D. Tata consultancy services (TCS) providing cloud consulting to African nations

Answer. B. Oil India Limited (OIL) purchasing crude oil from Iraq.

6. There are two statements given below, marked as Statement (1) and Statement (2). Read the statements and choose the correct option. Statement (1) When aggregate supply is plotted as a 45° line graph, the economy is said to be at equilibrium. Statement (2) The total amount spent on aggregate demand is equal to the total expenditure in the country.

- A. Statement 1 is true and statement 2 is false
- B. Statement 1 is false and statement 2 is true
- C. Both statements 1 and 2 are true
- D. Both statements 1 and 2 are false

Answer. C. Both statements 1 and 2 are true

Indian Economic Development

7. 'China has performed exceedingly well in various health and economic indicators. Identify which of the following is not a health indicator?

- a) Infant Mortality Rate (per 1000 live births)
- b) Life Expectancy at Birth (years)
- c) Percentage of people below poverty line (National)
- d) Maternal Mortality Rate

Answer. c) Percentage of people below poverty line (National)

8. _____ may be defined as the measure of the extent of demographic participation in the social and political decision making. (Choose the correct alternative to fill up the blank)

- a) Economic indicator
- b) Liberty indicator
- c) Health indicator
- d) Demographic indicator

Answer. b) Liberty indicator

9. Under _____ in China, farmers and industrial units were required to buy and sell fixed quantities of inputs and outputs on the basis of prices fixed by the government and the rest were purchased and sold at market prices. (Choose the correct alternative to fill up the blank)

- a) Commune System
- b) Great Leap Forward
- c) Dual Pricing
- d) Great Proletarian Cultural Revolution

Answer. c) Dual Pricing

10. Read the following statements carefully:

Statement 1: The nature of unemployment problem in India is uni-faceted.

Statement 2: Worker-Population ratio is an indicator used for analysing the employment situation in a country.

In light of the given statements, choose the correct alternative from the following:

- a) Statement 1 is true and Statement 2 is false.
- b) Statement 1 is false and Statement 2 is true.
- c) Both Statements 1 and 2 are true.
- d) Both Statements 1 and 2 are false

Answer. b) Statement 1 is false and Statement 2 is true.

11. Identify which of the following is a source of non-institutional credit in the rural areas of India.

- a) NABARD
- b) Regional Rural Banks
- c) Money Lenders
- d) Commercial Banks

Answer. c) Money Lenders

12. _____ committee was set up for the development and promotion of small scale industries in India.

- a) Karve
- b) Tapas Majumdar
- c) Mahalanobis
- d) TRYSEM

Answer.a) Karve

13. Read the following statements carefully.

Statement 1: On-the-job trainings help to bridge a gap between theoretical concepts and practical experiences.

Statement 2: On-the-job trainings update the employees, with the latest changes in their work field.

In the light of the given statements, choose the correct alternative: a) Statement 1 is true and statement 2 is false

B) Statement 1 is false and statement 2 is true

c) Both statements 1 and 2 are true

d) Both statements 1 and 2 are false

Answer. c) Both statements 1 and 2 are true

14. _____ is not the strategy for Sustainable Development. (Choose the correct alternative)

a) Use of bio-gas

b) Use of solar power

c) Use of thermal power

d) Use of hydel power

Answer. c) Use of thermal power

15. The main objective of China's One Child Policy, which was implemented from 1979 to 2016 was:

a) to provide financial incentives for families with multiple children

b) to promote gender equality by limiting the number of male children c) to control the population growth and address overpopulation concerns

d) to encourage families to have more children and increase the population

Answer. c) to control the population growth and address overpopulation concerns

16. A farmer Chandu practices organic farming and uses crop rotation and natural predators to control pests. Is there an advantage of this approach provided as compared to conventional pesticides use?

a) faster and predictable pest eradication

b) lower labor costs for pest management

c) increased risk of crop failure and reduced yields

d) reduced harm to beneficial insects and pollinators

Answer. d) reduced harm to beneficial insects and pollinators

17. The multifaceted process of demographic transition within the context of India pertains to:

a) a sudden decline in the population growth rate due to migration

b) a change in the population density across different states in India

c) a significant increase in the birth rate and death rate simultaneously

d) a shift from high birth and death rates to low birth and death rates over time

Answer. d) a shift from high birth and death rates to low birth and death rates over time

18. In urban areas with high population density, the challenge which is often associated with housing and living conditions?

a) high home ownership rates, leading to limited rental options

b) difficulty in accessing essential services due to congested living c) limited open spaces and recreational areas, affecting quality of life
D) inadequate housing and overcrowding, leading to slum settlements

Answer. d) inadequate housing and overcrowding, leading to slum settlements

19. Identify the result of the large export surplus during the colonial period. (Choose the correct alternative)

- A. domestic markets flooded with raw materials
- B. an increase in gold and silver reserves
- C. scarcity of essential commodities
- D. cheap imported consumer goods

Answer. C. scarcity of essential commodities

20. Under the Great Leap Forward (GLF) campaign in China initiated in 1958, people were encouraged to set up industries in their backyards. Identify the primary goods these backyard industries would have produced.

- A. perishable food items
- B. small car parts
- C. plastic toys
- D. Textiles

Answer. A. perishable food items

21. " In 1994, Maulik worked in an automotive manufacturing company owned by the government of India. It was soon to be disinvested and privatized by the government. As a result, Maulik planned for a job shift and explored other sectors that could guarantee him greater growth in the future."

In light of the nation's political and economic situation at the time, which of the following professions would have fulfilled his expectations?

- A. mining
- B. tourism
- C. textile industry
- D. information technology

Answer. D. information technology