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CBT FOR MONTH of DECEMBER 2023 XII

Economics

1. is the compulsory payment made by general public to government. It is imposed on the production and distribution of goods and services?

- i) Indirect Tax
- ii) Direct Tax.
- iii) Goods and services tax.
- iv) Income Tax

Option

- a) (i) and (iv)
- b) (ii) and (iii)
- c) (i) and (iii)
- d) (iii) only

Answer:

c) is correct answer because

Goods and service tax is also indirect tax. Indirect tax is a type of tax that is passed on to another individual or entity. Indirect taxes are generally levied on a manufacturer or supplier who then passes that tax to the final consumer. Examples of indirect taxes include sales tax, entertainment tax, excise duty, etc.

2. Which of the following is an example of normal resident of India?

- (a) Foreign worker working in WHO located in India
- (b) The German working as director in IMD office located in India
- (c) Ambassador in India from the rest of the world
- (d) Ambassador of India in rest of the world

Answer:

d) is correct answer because

Normal residents of India include (i) Citizens (and institutions) of India, (ii) Citizens of other countries (i.e., non-citizens) who normally reside in India for more than a year and whose centre of economic interest lies in India, (iii) Citizens of India working in (a) international bodies like I.M.F., (b) foreign ...

3. Assertion (A) Public goods possess the characteristics of non-rivalry and non-excludability.

Reason (R) Non-rival means consumption by one person does not reduces consumption for another person whereas non-excludability implies that no one can be excluded in terms of benefitting from the consumption of public goods.

Alternatives

- a) Assertion and reason are true and reason is correct explanation of assertion
- b) Both assertion and reason are true but reason is not correct explanation of assertion
- c) Assertion is true but reason is false
- d) Assertion is false but reason is true

Answer:

a) is correct answer because

Non-rival means consumption by one person does not reduces consumption for another person whereas non-excludability implies that no one can be excluded in terms of benefitting from the consumption of public goods.

4. Gifts and grants received from abroad are recorded on which side of BOP account?

- a) Credit side of current account
- b) Debit side of current account
- c) Credit side of capital account
- d) Debit side of capital account

a) is correct answer because

Gifts and grants are a part of the current account. Any gift received is considered a cash inflow and will increase the current account surplus or decrease

5. Among the following options, which of these is a capital receipt?

- a) Tax received
- b) Dividend received
- c) Disinvestment
- d) External grants

Answer :

c) is correct because

Capital receipts refer to those receipts that either decrease assets or raise liabilities. Disinvestment causes asset depreciation.

6. When the primary deficit is zero, the government opts for borrowing due to –

- a) Fiscal payment
- b) Interest payment
- c) Primary payment
- d) Capital payment

Answer –

b) is correct answer because

7. Borrowing minus interest payments equals primary deficit. The primary deficit tends to be zero whenever borrowing is just enough to cover the amount of accumulated debts.

Identify the correct statement from the following

- 1) Consumption curve starts from the origin
- 2) The sum of apc and aps is equal to 1
- 3) Aggregate demand and market demand means the same
- 4) The value of MPC and MPS varies between 0 and 1
- 5) At breakeven point saving is zero

Choose the correct answer from the options given below

- a) 1,4,5 only
- b) 2,3,4 only
- c) 2,4,5 only
- d) 1,3,5 only

Answer

c) is correct answer because

The sum of the Average Propensity to Consume (APC) and Average Propensity to Save (APS) is equal to one. Proof: We already know that $Y = C + S$. Also, $APC + APS = 1$ because the income is either used for consumption or for saving.

8. Read both the statements and answer the following questions on the same

ASSERTION: APC is a flow concept

REASON: APC is ratio of savings to income at a particular point of time

Alternatives

A) Assertion and reason are true and reason is correct explanation of assertion

- B) Both assertion and reason are true but reason is not correct explanation of assertion
- C) Assertion is true but reason is false
- D) Assertion is false but reason is true

Answer

d) is correct answer because

Average propensity to consume (APC) measures the percentage of income that is spent rather than saved. This may be calculated by a single individual who wants to know where the money is going or by an economist who wants to track the spending and saving habits of an entire nation.

9. The process of buying and selling of securities by the central banks of a country is known as

- a) Margin requirements
- b) open market operation
- c) Cash reserve Ratio
- d) statutory liquidity ratio

Answer

b) is correct answer because

Open market operations refers to buying and selling of Government securities and treasury bills by the central bank with a view to regulate the supply of money in the economy.

10. Is the function in which RBI offers loan to the commercial banks when it fail to meet its financial requirements from any other source.

- a) Clearing house.
- b) Custodian of cash reserves.
- c) Supervisor.
- d) Lender of last resort

Answer:

c) is correct answer

A lender of last resort is whoever you turn to when you urgently need funds and you've exhausted all your other options. Banks typically turn to their lender of last resort when they cannot get the funding they need for their daily business.