

CBT Question paper with answers for the Month of September 2023

Subject: Economics

Class: XII

1. The SHG- Bank Linkage programme, formalised by the National Bank for Agriculture and Rural Development (NABARD) in 1995, synthesizes ' formal financial systems '(in terms of a formal institution providing credit)' with the 'informal sector' (comprising of rural poor with no formal credit history), and has emerged as a preferred vehicle for providing financial services to the hitherto unbanked poor.

Based on the above paragraph, Why is it important to ensure access to cheap formal sector credit to the rural poor

Answer

The SHG- Bank Linkage programme, formalised by the National Bank for Agriculture and Rural Development (NABARD) in 1995, synthesizes ' formal financial systems '(in terms of a formal institution providing credit)' with the 'informal sector' (comprising of rural poor with no formal credit history), and has emerged as a preferred vehicle for providing financial services to the hitherto unbanked poor people and protect them from predatory lending and debt trap.

2. Which of the following is a crucial area of improvement for rural banks

Answer

The main improvement strategies for Regional Rural Banks are to make them more autonomous, increase their authorised capital, provide adequate financial assistance, and reduce the cost of operations.

3. Diversification includes 2 aspects-One relates to change in cropping pattern and the other relates to a shift of workforce from agriculture to other allied activities. The need for diversification arises from the fact that there is greater risk in depending exclusively on farming for livelihood. Diversification towards new areas is hence necessary.

Based on the above paragraph, why the need for agriculture diversification arises

Answer

The need for diversification arises from the fact that there is greater risk in depending exclusively on farming for livelihood. Diversification towards new areas is hence necessary.

- a. To reduce the risk in depending exclusively on farming for livelihood
- b. To provide productive sustainable livelihood options to rural people
- c. To provide supplementary gainful employment and in realising higher levels of income for rural poor to overcome poverty

4. In golden revolution period, the investment planned in the horizontal segment became highly productive. India became the world leader in the production of a variety of fruits like coconut, mangoes, cashew, nuts and more. The sector emerged as a sustainable livelihood options and became the second largest producer of vegetables and fruits

Which of the following was not the benefit generated from Golden Revolution?

Answer

b. Increase in production of milk and related production. India became the world leader in the production of a variety of fruits like coconut, mangoes, cashew, nuts and more. The sector emerged as a sustainable livelihood option and became the second largest producer of vegetables and fruits.

5. Empirical evidence to prove that increase in human capital causes economic growth is rather nebulous. This may be because of measurement problems. For example education measured in terms of years of schooling, teacher pupil ratio and enrolment rates may not reflect the quality of education, Health services measured in monetary terms, life expectancy and mortality rates may not reflect the true health status of the people in a country. Using the indicators mentioned above and analysis of improvement in education and health sectors and growth in real per capita income in both developing and developed countries shows that there is convergence in the measures of human capital but no sign of convergence of per capita real income.

Based on the above paragraph which of the following shows the outcome of investment in education, health, on the job training, migration and information

Answer

The most important outcome of investment in education, health, on the job training, migration and information is Human Capital Formation because investment in these things generate skill, knowledge and expertise.

6. Read the following statements carefully and choose the correct alternative

Statement 1 – The percentage of education expenditure of GDP indicates the importance of education in the scheme of things before the government

Statement 2 – The percentage of education expenditure of GDP indicates the importance of education in the scheme of things before the government

Answer

B is correct because both statements are false. Both the statements are the same and not related with development of education

7. Read the following statements carefully and choose the correct alternative

Statement 1 – With the rapid dramatic scientific and technological advances, such as the rise of big data, machine learning, and artificial intelligence, many unskilled jobs worldwide may be taken over by machines

Statement 2 – The need for skilled workforce, particularly involving mathematics, computer science, and data science, in conjunction with multidisciplinary abilities across the sciences, and social sciences, and humanities, will be increasingly in greater demand

Answer

Decrease taxes and increase government expenditure. This measure will help to increase in aggregate demand in the country and recession can be controlled.

9. Read the following statements carefully and choose the correct alternative:-

Aggregate demand and supply define the level of income and employment at which the economy is in balance. Determination of equilibrium income, according to Keynesian theory, is established when aggregate demand, represented by the $C + I$ curve, equals total output (Aggregate Supply or AS).

10. Read the following statements – Assertion (A) & Reason (R) carefully and choose the correct alternative.

Assertion (A) - Ex-ante savings and ex-post savings are always not equal.

Reason (R) – Ex-ante Are those which all the households plan to make at different levels of income during a period, whereas ex-post savings are the actual amount of savings made in the economy during a period.

Answer D is correct because

Given statement is false , As per keynesian theory Ex Ante savings are equal to Ex Ante investment which means that planned savings is equal to planned investment at equilibrium level.. So ex ante savings are not equal to ex post savings as planned savings can't be equal to unplanned/actual savings.

“Ex-ante Are those which all the households plan to make at different levels of income during a period, whereas ex-post savings are the actual amount of savings made in the economy during a period.” Statement is true