



ECONOMICS

BOOKS - SANDEEP GARG ECONOMICS (HINGLISH)

REVISION SECTION SCANNER

Recision Section Scanner

1. Define macroeconomics



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2. Give two examples of macroeconomic studies



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3. Calculate private income from the following data



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4. Explain the production method of estimating national income



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5. giving reasons explain how the following are treated while estimating national income (i) payment of fees to a lawyer engaged by firm (ii) Rent free house to an employee by an employer (iii) purchase by foreign tourists .



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6. Explain the Circular flow of income

Or

Distinguish between intermediate products and product Give examples



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7. How will you treat the following while estimating domestic factor income of india ?

(i) Remittances from non- resident indians to their families in india

(ii) Rent paid by the embassy of japan in india to a resident indian .

(iii) profits earned by branches of foreign bank in india



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8. Explain how distribution of gross domestic product is its limitation as a measure of economic welfare.



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9. What is nominal gross domestic product ?



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10. Define flow variable/flows.



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11. Explain how distribution of gross domestic product is a limitation in taking gross domestic product as an index of welfare .



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12. giving reasons classify the following into intermediate products and final products :(set-1)

(i) Furniture purchased by a school

(ii) Chalks, dusters etc. Purchased by a school

Giving reasons classify following into intermediate products and final product :(set1)

(i) Furniture purchased by a school

(ii) Chalks, dusters, etc, purchased by a school

giving reasons classify following in an office (ii)

mobile sets purchased by a mobile dealer

Give identify whether the following are final expenditures or intermediate expenditure :(set3)

(i) expenditure on maintenance of an office building

(ii) Expenditure on improvement of a machine in a factory



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13. Define stock variable



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14. Define capital goods



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15. Giving reason explain how should the following be treated in estimating national income :(set1)

(i) Expenditure on fertilizers by farmer.

(ii) Purchase on fertilizers of tractor by a farmer

Giving reason explain how should the following be treated in estimating national income :(set2)

(ii) payment of Bonus by a firm

(ii) Giving reasons explain how should the following be treated in estimating national income :(set3)

(i) Interest paid by banks on deposits by individuals

(ii) national debt interest



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16. give one example of "externality " which reduces welfare of the people



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17. Giving reasons categories the following into stock and flow :(i) capital ,(ii) saving (iii) Gross domestic product ,(iv) Wealth

Or

Explain the circular flow if income



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18. Define externalities Give an example of negative example of negative externality . What is its impact on welfare ?



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19. Giving reason explain how should the following be treated in estimating gross domestic product at market price ?

(i) Fees to a mechanic paid by a firm,

(ii) interest paid by an individual on a car loan taken form a bank

(iii) Expenditure on purchasing a car for use by a firm



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20. Giving reason explain how should the following be treated in estimation of national income :

(i) Expenditure by a firm on payment of fees to a chartered accountant

(ii) payment of corporate tax by firm (iii) purchase of refrigerator by a firm for own use .



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21. Define stocks.



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22. Defination of fixed capital assets refers to (choose the coreect alternative)

(a) Normal wear and tear

(B) Foreseen ovbsolence

normal wear an dtear and foreseen obsolescence

(d) unforeseen obsolescence



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23. Government incurs expenditure to popularise yoga among the masses. Analyse its impact on gross domestic product and welfare of the people.



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24. Distinguish between final goods and intermediate goods. Give an example of each.



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25. explain non monetary exchanges as a limitation of using gross domestic product as an index of welfare of a country ,

OR

How will you treat the following while estimating domestic product of a country ? Give reasons for your answer:

(A) profits earned by branches of country's bank in other countries

(b) Gifts given by an employer to his employees on independence day.

(c) Purchase of goods by foreign tourists.



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26. what are capital goods ? How are they different from consumption goods ?



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27. Give the meaning of money ,explain the store of value function of money ***

Or

what is barter ? Of money explain standard of deered payment Fuction of mopney ***



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28. what is a central bank ?



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29. Define bank rate ?



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30. state the four functions of money explain

any one of them (set- 1,3)***

explain any two functions of money (set2)***



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31. state the components of money supply.



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32. Explain the lender of last resort function of the central bank

OR

how do changes in bank rate affect money creation by commercial Banks ? Explain



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33. How do changes in bank rate affects money creation by commercial Banks ? Explain .



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34. Define cash reserve reserve reataio



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35. Define money supply.



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36. explain the process of credit creation by the commercial banks with the help of a numerical example .



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37. What are demand deposits ?



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38. Explain the significance of the store of value function of money ***



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39. Explain the components of legal Reserve ratio
OR

explain banker's bank function of central bank



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40. What are demand deposits?



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41. Explain the problem of double coincidence of wants faced under barter system how has money solved it ***



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42. explain Banker to the Government function of the central bank (set-1,3) How do commercial banks create deposits ? Explain (se-2)



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43. What are demand deposits?



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44. explain the significance of store of value '

Value function of money ***

Or

explain the significance of medium of exchange

function of money ***



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45. explain the bank of issue function of the central bank

OR

explain the bank of issue function of central bank

.



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46. Government of India has recently launched Jan - dhan yojna aimed at every household in the country to have at least one bank account Explain how deposits made under the plan are going to affect national income of the country .



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47. Explain how open of operations are helpful in controlling credit creation (set-1)

Explain how bank rate is helpful in controlling credit creation ?(set2)

Explain how margin requirments are helpful in controlling credit creation ?(set-3)



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48. the ratio of total deposits that a commercial bank has to keep with Reserve Bank of India is called :

- (a) Statutory liquidity ratio
- (b) Deposit ratio
- (c) Cash reserve ratio
- (D) Legal reserve ratio



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49. Explain the store of value function of money

OR

State the Meaning and components of money

Supply.



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50. Explain banker to the government function of the central bank .

Explain the role of reverse repo rate in controlling monry supply



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51. state the two componets of M_1 measure of money Supply .



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52. what is monetary policy ? State ant there intruments of ,monetary policy .



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53. An increase of Rs. 200 crores in investment leads to rise in national income by Rs. 1,000 crores

. Find out marginal propensity to consume .



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54. Give meaning of : (i) involuntary unemployment , (ii) full employment and , (iii) under employment equilibrium .



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55. Explain the problem of excess demand in an economy with the help of a diagram explain the role of bank rate in correcting it .



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56. Define inflationary gap .(set1)

Define deflationary gap.(set2)



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57. give meaning of involuntary unemployment .



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58. As a result of increase in investment national income rises by Rs. 125 crores, national income by Rs. 500 crores calculate marginal propensity to consume. (set 1)

As a result of increase in investment national income rises by Rs. 600 crores if marginal propensity to consume is 0.75, calculate the increase in investment (set 2)

If marginal propensity to consume is 0.9 what is value of multiplier? how much investment is needed to increase national income by 5,000 crores? (set 3)



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59. Explain determination of equilibrium level of income saving - investment approach ,Use diagram.

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60. what is meant by excess demand in Itacroeconomics ?

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61. what can be the minimum value of investment multiplier ?(set 1)

If investment multiplier is 1 what will be the value of marginal propensity to consume ?(set 2)

Give the meaning of autonomous consumption .
(set 3)



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62. Define involuntary unemployment .



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63. Given consumption function $C=100+0.75 Y$ and investment expenditure Rs. 1,000, calculate :

(i) Equilibrium level of national income

(ii) Consumption expenditure at equilibrium level of national income

what changes will take place to bring economy equilibrium if

(i) planned savings are greater than planned investment and

(ii) planned savings are less than planned investment .



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64. Give the meaning of ex- ante saving ,(set 1)

Give the meaning of ex- ante investment ,(set 2)

Give the meaning of aggregate demand (set 3)



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65. Give the meaning of deflationary gap .



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66. In an economy 75 percent of the increase in income is spent on consumption investment is

increased by Rs. 1,000 crore ,calculate

(a total increase in income

(b) total increase in consumption expenditure .



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67. Given that national income is Rs. 80 crore and consumption expenditure Rs. 64 crore , find out average propensity to save when income rises to Rs. 100 crore and consumption expenditure to Rs. 78 crore what will be the average propensity to consume and the marginal propensity to consume ?(set 1)

if National income is Rs. 50 crore and saving Rs. 5 crore , find out average propensity to consume ,when income rises to Rs. 60 crore and saving to Rs. 9 crore what will be the average propensity to consume and the marginal propensity to save ?
(set 2)



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68. explain the relationship between investment multiplier and marginal propensity to consume .



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69. Discuss the role of the following in correcting 'excess demand ' in an economy :

(i) bank rate

(ii) open market operations .



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70. Outline the steps taken in deriving saving curve from the consumption curve Use diagram .



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71. find national income and consumption expenditure from the following

Autonomous consumption = Rs.100

Marginal propensity to consume = 0.80

investment = Rs.50



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72. Explain the concept of excess demand ' in macroeconomics Also explain the role of open market operation ' in correcting it .

OR

Explain the concept of 'deficient demand ' and Also explain the role of bank rate in correcting it



73. $C=100+0.4 Y$ is the consumption Function of an economy where C is consumption expenditure and Y is National income , Investment expenditure is 1,100 ₹ calculate

(i) Equilibrium level of National income

(ii) Consumption expenditure at equilibrium level of national income (set 1)

$c=50+0.5 Y$ is the consumption function where C is consumption and Y is National income and investment expenditure is 2,000₹ in an economy ,calculate

(i) equilibrium level Of (national) income

(ii) Consumpton exendditture at equilibrium level
of (National) income (set 2)



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74. what is involuntary unemployment ?(set1)

give meaning of full employment ,(set 2)

Define marginal supply ?(set 3)



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75. define marginal propensity to consume .



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76. Calculate investment expenditure from the following data (set 1)

National income	=	1,000
Marginal propensity to save	=	0.25
Autonomous consumption expenditure	=	200

Calculate autonomous consumption from the following data (set 2)

National income	=	1200
Marginal propensity to save	=	0.20
investment expenditure	=	100



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77. Explain national income equilibrium through aggregate demand and aggregate supply Use diagram .Also explain the changes that takeplace in an economy when the economy is not in equilibrium .

OR

Outline the steps required to be taken in deriving saving curve from the given consumption curve ,Use diagram.



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78. what is aggregate supply ' in macroeconomics ?

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79. the value of multiplier is :(choose the correct alternative)

(a) $\frac{1}{MPC}$ (b) $\frac{1}{MPS}$ (c) $\frac{1}{1 - MPS}$ (d) $\frac{1}{MPC - 1}$

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80. An economy is in equilibrium , find ' autonomous consumption ' from following :

National income	=	1,000
Marginal propensity to consume	=	0.8
investment expenditure	=	100

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81. Explain the concept of deflationary Gap and the role of open market operations in reducing this gap.

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82. Distinguish between marginal propensity to consume and average propensity to consume .Give a numerical example .

OR

Explain the role of taxation in reducing excess demand .



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83. Suppose marginal propensity to save is 0.2 .
How much increase in investment is required to increase national income by Rs. 2,000 crore?



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84. Given consumption curve , derive saving curve and state the steps taken in the process of derivation use diagram.



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85. give the meaning of involuntary unemployment .



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86. An economy is in equilibrium from the following data about an economy, calculate autonomous consumption, (set 1)

(i) income = 5,000

(ii) marginal propensity to save = 0.2

(iii) investment expenditure = 800

An economy is in equilibrium from the following data about an economy, calculate investment expenditure: (set 2)

(i) income = 10,000

(ii) marginal propensity to consume = 0.9

(iii) Autonomous consumption = 100



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87. Assuming that increase in investment is Rs. 1,000 crore and marginal propensity to consume is 0.9 explain the working of multiplier .(set 1)

Assuming that increase in investment is Rs. 800 crore and marginal propensity to consume is 0.8 explain the working of multiplier ,(set 2)



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88. define aggregate supply .



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89. Define full employment . How is it related to marginal propensity to consume ?



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90. Define full employment in an economy . Discuss the situation when aggregate demand is more than aggregate supply at full employment income level.



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91. what is ex-ante consumption ? Distinguish between autonomous consumption and induced consumption .



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Government Budget And Economy

1. Distinguish between 'revenue receipt and capital receipt and two examples of each .



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2. what is 'fiscal deficit ? What are its implications ?



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3. state any one objective of a government budget .



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4. Give meanings of capital receipts and revenue receipts and give two example of each



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5. what is fiscal deficit '? What are its implications ?

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6. why is repayment of loan capital expenditure
gt(set 1)

why are borrowings a capital receipt /(set 2)

define a Government Budget ,(set 3)

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7. How can a government budget help in reducing inequalities of income ? explain

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8. Distinguish between :

(I) Direct tax and indirect tax (ii) Revenue deficit and fiscal deficit

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9. How is primary deficit calculated ?



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10. How can Government budget be helpful in altering distribution of income in an economy ?
Explain .



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11. Distinguish between :(set 1,3)

(a) capital receipts and revenue receipt

(b) Direct tax and indirect tax .

Giving reasons classify the following into direct

and indirect tax :(set 2)

(i) Wealth tax

(ii) value added tax



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12. Explain the allocation of resources ' objective of Government budget



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13. Define a tax



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14. Distinguish between Revenue Expenditure and Capital Expenditure in a Government budget ,Give examples .

OR

Explain the role of Government budget in allocaton of resources .



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15. Explain 'revenue deficit in a Government budget ? What does it indicate ?



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16. Give two examples of indirect taxes.



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17. what is a Government Budget ?



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18. Distinguish between revenue expenditure and capital expenditure in Government budget Give an

example of each .

OR

Distinguish between revenue deficit deficit and fiscal deficit .



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19. eXplain any one objective of Government Budget .



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20. Difine government budget.



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21. is the following revenue expenditure or capital expenditure in the context of Government budget

? Give reason .

(I) Expenditure on collection of taxes

(ii) Expenditure on purchasing computers.



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22. Government raises its expenditure on producing goods , which economic value does it

reflect ? Explain .



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23. Explain the role government can play through the budget in influencing allocation of resources .



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24. what is revenue expenditure ?(set 1)

what are revenue receipts in a government budget ? (set 2)

what is revenue deficit in government budget ?

(set 3)



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25. Fiscal deficit equals :(choose the correct alternative)

A. Interest payments

B. Borrowings

C. Interest payments less borrowing

D. Borrowings less interest payments

Answer:



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26. what is primary deficit ? (set 1)

what is revenue deficit ? (set 2)

what is fiscal deficit ? (set 3)



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27. Explain the basis of classifying taxes into direct and indirect tax .Give examples.



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28. Explain how government budget can be used to influence distribution of income ?

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29. what is government budget ? Explain its major components.

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1. What does balance of payments account of a country record ?



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2. Name the items included in balance of trade account .



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3. Give three sources each of demand and supply of foreign exchange .



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4. Define flexible exchange rate system .



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5. when exchange rate of foreign currency rises ,its supply rises .How ?



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6. state componts of the current account of the balance of payments account

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7. list the items of the current account of balance of payments account .Also define balance of trade

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8. explain two sources each of demand and supply of foreign exchange .



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9. Explain two sources of supply of foreign exchange .



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10. Explain the meaning of deficit in balance of payments .



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11. Distinguish between autonomous and accommodating transactions of balance of payments account (set 3)



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12. Define foreign exchange rate .



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13. When price of a foreign currency rises its demand falls Explain why



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14. Give meaning of managed floating exchange rate .



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15. How can increase in foreign direct investment affect the price of foreign Exchange ?



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16. Explain the effect of appreciation of domestic currency on imports .



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17. Other things remaining unchanged , when in a country the price of foreign currency rises , national income is :(choose the correct alternative)

A. likely to rise

B. likely to fall

C. likely to rise and fall both

D. Not affected

Answer:



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18. name the broad categories of transactions recorded in the capital account of the balance of payments accounts

OR

name the broad categories of transactons

recorded in the current account of the balance of payments accounts



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19. where will sale of machinery to abroad be recorded in the balance of payments Accounts ?
Give reasons .



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20. (a) in which sub - account and on which side of balance of payments account , will foreign

investments in india be recorded ? Give reasons .

(b) what will be the effect of foreign invertments in india on exchange rate ? Explain .



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21. Give the meaning of balance of payments



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22. why does the demand for foreign currency fall and supply rises when its price rises? Explain .



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23. Discuss briefly the meanings of

(i) Fixed exchange Rate

(ii) flexible Exchanges Rate

(iii) Managed Floating Exchange Rate



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Important Questions

1. Explain the Circular flow of income in a two - sector economy .



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2. Discuss the concepts of : (i) Stock , (ii) Flow, (iii) Real Flow , and (iv) money Flow .



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3. Distinguish between , (i) stock and flow , (ii) Real flow and money flow.



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4. What is meant by net factor income from abroad ? Briefly discuss its various compounds.

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5. Explain the meaning of consumption goods and capital goods .

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6. Distinguish between :

(i) intermediate goods and final goods

(ii) Factor income and transfer income



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7. Give the meanings of : (i) NDP_{FC} (ii) NDP_{MP}

(iii) GDP_{MP}



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8. Distinguish between :

(I) domestic income and national income

(ii) GDP_{MP} and GNP_{FC}

(iii) National income and GDP_{MP}



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9. Discuss in brief the steps and precaution of Income method



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10. Explain the problem of double counting ,How can it be avoided ?



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11. what is a berter system ? Discuss its drawbacks.



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12. Difine money what is meant by money supply ?

Discuss in brief :(i) currency held by the public (ii)

net demand deposits held held by commercial

Bankd .



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13. what is meant by a commercial bank ? What are the two essential conditions for an institution to become a bank ?



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14. Explain the concept of money creation or credit creation done by commercial banks with the help of an example



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15. What is meant by a central bank ? Why is it known as an apex body?



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16. What are open market operations ? What is their effect on the availability of credit ?



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17. What is Repo rate ,Reverse Repo rate and bank rate policy ? How do they work as methods of

credit control ?



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18. How does change in margin requirements help in controlling credit ?



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19. define cash reserve ratio and statutory liquidity ratio .How so they work as methods of credit control ?]



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20. what is meant by aggregate demand ? Explain the various components os aggregate demand .

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21. what is meant by propensity to consume ? Discuss the two types of propensities to consume .

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22. Give the meaning of propensity to save
,Discuss the two types of propensities to save



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23. Distinguish between average propensity to save and marginal propensity to save the value of which of these two can be negative and when ?



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24. distinguish between average propensity to save and marginal propensity to consume the value of which of these two can be greater than one and when ?



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25. Give the meaning of : (i) involuntary unemployment, (ii) full employment.



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26. explain the determination of equilibrium level of income by : (i) Aggregate demand and aggregate supply approach : (ii) saving and investment approach.



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27. can an economy be in a state of under employment equilibrium ? Explain with the help of a diagram



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28. what is meant by multiplier? What can be its minimum value and why ?



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29. explain the concepts of excess demand and inflationary gap with the help of a diagram .



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30. Explain the role of following in correcting ' Excess demand 'and / or deficient demand in an

economy (i) change in Government spending (ii) change in taxes.



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31. How does changes in money supply help in controlling the situation of excess demand in an economy ?



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32. explain the role of bank rate and open market does market operation s in controlling the

situation of excess demand / deficient demand .



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33. what are margin requirements ? How does a change in margin requirments control the situation of excess demand and defient demand ?



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34. what is meant by non - tax revenue ? Explain the defferent sources of non- tax revenue .



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35. Define tax revenue , what are two kinds of tax revenues ? Give two examples of each .



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36. Distinguish between :

(i) Direct tax and indirect Tax

(ii) Revenue Receipts and capital receipts

(iii) Revenue Expenditure and capital Expenditure



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37. what is the basis of calssifying government expenditure into revenue expenditure and capital excenditure ?



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38. what is meant by revenue deficit?



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39. Discuss the concept of fiscal deficit .



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40. What do you mean by primary deficit?



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41. Give the meaning Of :(i) Foreign Exchange ,(ii) foreign Exchange Rate ,(iii) Foreign Exchange market .



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42. discuss the concept of :(i) Fixed exchange rate system ,(ii) Flexible exchange rate system ,(iii) Managed floating rate system .



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43. distinguish between ,(i) Devaluation and depreciation of domestic ,(ii) Revaluation and appreciaation of Domestic Currency .



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44. Discuss the major reasons for demand (outflow) and supply (inflow) of foreign exchange.



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45. Why does a rise in foreign exchange rate cause a rise in its supply?



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46. Explain the effects of Appreciation and Depreciation of Domestic currency on exports and

imports .



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47. what is capital account ? What items are included in the capital account of balance of payment ?



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48. what is meant by deficit in balance of payments ?



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Value Based Evaluation Multi Disciplinary Questions

1. milk purchased by a person is always a final good " defened or refute .



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2. A soft Drinks company purchases 20 Truks for the tranks for the transportation of soft drinks from the factory to the wholesale agents .

Whether the trucks purchased will be treated as final good or intermediate goods?



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3. in the Government of a a country 's budget for the year 2013-14 ,the finance minister proposed to raise the tax on crore per annum is the objective only to earn revenue for the Government ? What possoble welfare objective can you think of from these proposals ? explain .



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4. both APC and APS fall with increase in national income , do you agree with given statement ?



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5. the market prices of US Dollar has increased considerably leading to rise in prices of the imports of the imports of essential goods , whats can central Bank do to to ease the situation ?



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6. An increase in the stock of goods held by a consumer will contribute to capital formation .Do you agree with the given statement ?



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7. Give one example of ' externality " which reduces welfare of the people .



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8. Commercial banks do not contribute to the amount of money supply in the economy as they do not have the power to issue currency defend or refute.



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9. An employess approaches his emplyer for a loan of Rs. 3,00,000 for the higher education fo his son . The employer agrees to provide interest free loan . What will be the treatment of interest in calculation of national income ?



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10. Name any one step the Government can take through its budget to reduce the gap between the rich and the poor .



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11. Due to increase in the family members ,harish wants to add one more floor to his old house .How will treat the value of new floor while estimating national income .



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12. Name any one step that the government can take through its budget to check inflation that is causing hardships to the people .



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13. Bread purchased is always a consumer goods ,Defend or refute .



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14. what one step can be taken through market to reduce the consumodity of product harmful for health ?



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15. An addtion in the value can also take place even when the comodity does not go though any transformation Comment .



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16. Although india's GDP is increasing , but the welfare of the people is not increasing with that pace do you think that concept of green GNP should be followed ?



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17. if there is excess demand in the economy , it will generate employment opportunities in the economy .Comment.



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18. services of housewives and leisure time activities contribute to welfare of people .However . They are not included in the estimation of national income . Why ?



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19. Average propensity to save is always greater than Zero . Defend or refute .



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20. Old age pension by the government increases the welfare of people. However, it is not included in the estimation of national income. Why ?



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21. All the financial institutions can also be termed as banking institutions. Comments.



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22. The concept of " Outsourcing work " is a good source of supply of foreign currency and employment generation ? Do you agree this in context of india ?



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23. At the time of inflation, Government should opt for surplus budget. Do you agree with the given statement ?



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24. An American company has ordered readymade garments from an Indian company. What will be the impact on their total import expenditure of the American company as increase in the foreign exchange rate ?



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25. Government takes measures to restrict autonomous imports of gold. Explain the economic values desired to be achieved from this



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26. In case of foreign exchange, devaluation and depreciation of currency are one and the same thing. Do you agree with the give statement ?



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27. When aggregate supply falls short of aggregate demand , then planned inventory falls below the desired level. Comment



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28. A soap manufacturing company wishes to pay compensation to its employees in the form of soaps. However, employees want compensation in the form of money. Why is compensation in the form of money more convenient than in soaps?



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29. Fiscal deficit can occur even if there is no Revenue Deficit? Defend or Refute.



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30. The central bank takes steps to control rise in the price of foreign exchange in economic values it involves as far as far the common man is concerned. E



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31. What will happen in an economy when planned investment is less than planned saving ?



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32. A decrease in the spending by the government reduces the income and purchasing power of the people. Do you agree with the given statements ?



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33. The aggregate demand in an economy is equal to aggregate supply. Can it be said that economy has achieved full employment equilibrium ?



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34. The amount of loans offered by the commercial banks are equal to the deposits received by them. Do you agree with the given statement ?



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35. In India, there are extreme inequalities of income and wealth and a majority of population live below the poverty line. How can budgetary policy help in solving this problem ?



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36. Government has started spending more on providing free services like education and health to the poor. Explain the economic value it reflects



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37. The consumption expenditure in the economy is not zero, even at zero level of income. Why ?



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38. Tax paid by a person to the government does not provide any direct benefit to the tax payer, Defnd of Refute.



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39. Tax rate on higher income group have been increased. Which economic value does it reflected ? Explain



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40. Excess of foreign exchange receipts over foreign exchange payment on account of autonomous transaction leads to deficit in the balance of payments. Comments.



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41. Direct taxes have limited reach as compared to the indirect taxes. Comment



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42. Why does the central bank intervene in case of Managed Floating Exchange Rate systems?



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43. Under Balance of Payments (BOP), accommodating items of trade are undertaken to maintain the balance in the BOP account. Comment.



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44. Government raises its expenditure on producing public goods. Which economical value does it reflect ? Explain



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45. Domestic income of a country includes contribution of only resident producers within the domestic territory of the country. Do you agree with the given statements ?



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1. Give one example of negative extarnalities.



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2. Credit creation by commercial banks is determined by: (Choose the correct alternantive)

- (a) Cash Reserve Ratio (CRR)
- (b) Statutory Liquidity Ratio (SLR)
- (c) Initial Deposits
- (d) All of the above



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3. State the two components of M_1 measure of Money Supply.



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4. Define aggregate supply.



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5. What are capital goods? How are they different from consumption goods ?

or

Distinguish between stock and flow variables with suitable examples.



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6. Define Investment multiplier. How is it related to marginal propensity to consume?



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7. What is monetary policy? State any three instruments of monetary policy.



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8. Define full employment in an economy. Discuss the situation when aggregate demand is more than aggregate supply at full employment income level.

or

What are two alternative ways of determining equilibrium level of income? How are these related?



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9. What is ex-ante consumption? Distinguish between autonomous consumption and induced consumption.



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10. What is government budget? Explain its major components.

OR

Explain: (a) Allocation of Resources, and (b) Economic Stability as objectives of Government Budget



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11. Discuss briefly the meanings of

(i) Fixed Exchange Rate

(ii) Flexible Exchange Rate

(iii) Managed Floating Exchange Rate



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12. Calculate: (a) Operating Surplus, and (b)

Domestic income :



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1. With a rise in real national income, welfare of the people: (Choose the correct alternative)

- A. Rises
- B. Falls
- C. Remains unchanged
- D. None of the above

Answer: A



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2. If legal reserve ratio is 20%, what will be the value of money multiplier?



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3. Which of the following is not the function of the Central Bank? (Choose the correct alternative)

- A. Banking facilities to government
- B. Banking facilities to public
- C. Lending to government

D. Lending to commercial banks

Answer: B



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4. Which among the following are capital goods and which are consumer goods and why?

- (a) A car used as a taxi
- (b) Refrigerator in a hotel
- (c) Air-conditioner in a house

OR

Define intermediate consumption and explain it

with an example. How is it different from final consumption?



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5. If a consumption function of a hypothetical economy is given as:

$$C=100+0.6Y, \text{ then}$$

(i) What will be the values of marginal propensity to consume and marginal propensity to save for the economy?

(ii) Write the corresponding saving function.



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6. Discuss the meaning of any two methods of controlling credit which may be adopted by the 4 central bank.

OR

Explain the “bank of issue’ function of the central bank.



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7. Explain the national income determination in an economy using saving and investment approach.

Use diagram.



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8. What Is investment multiplier? Explain Its working using a suitable numerical example.



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9. Explain the distinction between the following:

(a) Revenue Expenditure and Capital Expenditure in a government budget

(b) Primary Deficit and Fiscal Deficit



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10. Discuss briefly the meanings of:

(i) Fixed Exchange Rate

(ii) Flexible Exchange Rate

(iii) Managed Floating Exchange Rate



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11. Calculate : (a) Operating surplus, and (b)

Domestic income



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Cbse Examination Paper 2018 19 Class Xii

1. Calculate the value of money multiplier if the legal reserve requirements are 20%



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2. What is money supply ?

Or

What is meant by Repo Rate ?



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3.(Choose the correct alternative) is a revenue receipt of the government .

(a) Funds raised by the government by issuing National Saving Certificates

Sale of 40% share of a public sector undertaking to a private enterprise

(c) Profit of LIC , a public enterprise

(d) Amount borrowed from Japan for construction of Bullet Train.



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4. Identify which of the following statement is true ?

(a) Fiscal deficit is difference between planned revenue expenditure and planned revenue receipts

(b) Fiscal deficits is difference between total planned expenditure and total planned receipts and total planned receipts.

(c) Primary deficits is the difference between total planned receipt and interest payments.

(d) Fiscal deficits is the sum of primary deficits and interest payment .



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5. Estimate the value of Aggregate Demand in a economy if :

(a) Autonomous Investment (I) = 100 crores

(b) Marginal Propensity to save = 0.2

(c) Level of Income (Y) = 4,000 crores

(d) Autonomous Consumption Expenditure(c) = 50 crores.

OR

In an economy $C = 200 + 0.5 Y$ is the consumption function where C is the consumption expenditure and Y is the national

income . Investment expenditure is ₹ 400 crores .

Is the economy in equilibrium at an income level ₹ 1,500 crores ? Jusifty your answer.



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6. Explain how the level of effective demand is attained In an economy if Aggregate Demand is more than the Aggregate Supply.



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7. What is meant by problem of double counting?

How this problem can be avoided?

OR

Discuss briefly, the circular flow of income in a two sector economy with the help of a suitable diagram.

(ii) To consider only the value added of the output produced.

OR

Circular Flow of income in a two Sector economy :

Household are owners of factors of production.

They provide factor service to the firms (producing units). Firms provide factors payments in exchange

of their factor service . So, factor payments flow from the firms (producing units) to households: Households purchase good and service from the (producing units) for which they make payment to them. So consumption expenditure (producing units) for which they make payment to them. So, consumption expenditure (spending on goods and services) flows from hosedolds to the firm



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8. Elaborate 'economic growth' as objective of government budget.



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9. How the following tools can be used for credit control by the central bank in an economy:

(a) Open Market Operations

(b) Margin Requirements



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10. (a) State any two precautions that must be taken into consideration while estimating national income by value added method.

In an economy following transactions took place.

Calculate value of output value added by Firm B:

(i) Firm A sold to firm B goods of 80 crore, to firm C 50 crore to household 30 crore and goods of value 10 crore remains unsold

(iii) Firm B sold firm C goods of 70 crore, to firm D 40 crore, goods of value 30 crore were exported and goods of value 5 crore was sold to government

Or

Differentiate between National Current Places and National Income at Constant Prices. Which of the two presents a better view of the economic growth of economy and why?



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11. How an initial increase in investment affects the level of final income of the economy? Show its working with a suitable numerical example.



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12. According to recent to recent media reports:

USA has accused China of currency devaluation to promote in exports'. In the light of the given media report comment., how exports can be promoted through the Currency devaluation?

(b) What is meant by Currency Account Deficit(CAD) and Current Account Surplus (CAS)? State their significance



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