

**Competency Based Questions**

**Class: XII Subject: Economics**

**Marks 20**

**Read the following hypothetical text and answer the given questions:**(**Q.1- Q.4**):

India’s Micro, Small and Medium Enterprises (MSME) sector is poised for a mega transformation in 2020, with the launch of an Alibaba-like e- marketplace, trendy yet affordable khadi products to appeal to the masses and digital data-based credit ratings to help entrepreneurs avail loans.However, the MSME sector, often considered the bulwark of the economy as it contributes around 29% to the GDP and 48% to the Indian exports. There is an urgent need of major reforms and policy interventions towards ensuring timely availability of low-cost credit, improving ease of doing business and technological up gradation, to take on the formidable challenge of creating millions of jobs, ensure equitable distribution of national income and achieving large-scale import substitution. The World Bank has recently approved loan worth $750 million to address the immediate liquidity and credit needs of India’s MSME sector that has been severely impacted by the Covid-19 crisis. This will give a push to the Atmanirbhar Bharat vision of the government.

1. Identify which of the following is not an advantage of the MSME sector? (Choose the correct alternative)

a) It is suited for the utilization of local resources.

b) It is helpful in creation of employment opportunities

c) It requires more capital than labour

d) It ensures equitable distribution of income in the country.

1. MSME sector suffered to a large extent in COVID-19 pandemic situation due to\_\_\_\_\_\_\_\_ (fill up the blank with correct answer)
2. Read the following statements - Assertion (A) and Reason (R)

**Assertion (A):** Small scale industries ensure a more equitable distribution of national income and wealth.

**Reason (R):** The ownership of small-scale industries is wider spread than the ownership of large-scale industries.

**Select the correct alternative from the following:**

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.

1. State whether the given statement **is true or false:** Small Scale Industries are the largest employer of the labour force in India.
2. **Read the following statements - Assertion (A) and Reason (R). Choose one of the correct alternatives given below:**

**Assertion (A):** The inward-lookingtrade strategy aimed at replacing imports with domestic production.

**Reason (R):** The policy is based on the notion that industries of developing countries are not in a position to compete against the goods produced by more developed economies.

**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.

1. GNP at MP = \_\_\_\_\_\_  
   (A) GDPMP – Depreciation  
   (B) GDPMP + Depreciation  
   (C) GDPMP ÷ Depreciation  
   (D) GDPMP + Net factor income from abroad
2. NDPMP = \_\_\_\_\_\_\_\_  
   (A) GDPMP – Depreciation  
   (B) GDPFC + Net factor income from abroad  
   (C) NNPFC + Net indirect taxes  
   (D) All of these
3. NNPMP = \_\_\_\_\_\_\_\_  
   (A) GNPMP – Depreciation  
   (B) NDPMP + Net factor income from abroad  
   (C) NNPFC + Net indirect taxes  
   (D) All of these].
4. GDPFC =  
   (A) GDPMP – Net indirect taxes  
   (B) GDPMP + Net indirect taxes  
   (C) GDPMP + Subsidies  
   (D) GDPMP – Indirect taxes
5. NDPFC =  
   (A) GDPFC – Indirect taxes  
   (B) GDPFC – Depreciation  
   (C) GDPFC + Economic subsidy  
   (D) All of these
6. NNPFC =  
   (A) GNPFC – Depreciation  
   (B) NNPMP + Economic subsidy – Indirect taxes  
   (C) NDPMP + Net factor income from abroad  
   (D) All of these
7. Increase in Stock of Capital is known as:  
   (a) Capital Loss  
   (b) Capital Profit  
   (c) Capital Formation  
   (d) None of these
8. Which one of the following is included in circular flow?  
   (a) Real Flow  
   (b) Money Flow  
   (c) Both (a) and (b)  
   (d) None of these
9. Which of the following statement is incorrect? (Choose the correct alternative)
10. GDP at market price = GDP at factor cost + Net Indirect Taxes
11. NNP at market price = NDP at market price – NFIA
12. GNP at market price = GDP at market price + NFIA
13. NNP at factor cost = National Income
14. The market price of all final goods of a country in a year is known as:  
    (a) GDPMP  
    (b) GDPFC  
    (c) NNPFC  
    (d) None of these
15. Which one is true?  
    (a) GNP = GDP + Depreciation  
    (b) NNP = GNP + Depreciation  
    (c) NNP = GNP – Depreciation  
    (d) GNP = NNP – Depreciation
16. Depreciation expenses are included in:  
    (a) GNPMp  
    (b) NNPMp  
    (c) NNPFC  
    (d) None of these
17. NDPFC = ?  
    (a) NDPMP – Indirect Tax + Subsidy  
    (b) GNPMP – Indirect Tax + Subsidy  
    (c) NDPMP – Subsidy  
    (d) NDPMP – Depreciation
18. Net National Income at Factor Cost is called?  
    (a) National Income  
    (b) Gross Investment  
    (c) Domestic Income  
    (d) None of these
19. Which one is included in National Income?  
    (a) Rent, Wage, Interest  
    (b) Rent, Wage, Salary  
    (c) Rent, Profit, Interest  
    (d) Rent, Wage, Salary, Interest, Profit.

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