

Previous Year Paper

12th June 2023 (Shift 3)

- Q1.** Workers who own and operate an enterprise to earn their livelihood are known as:
 (a) Regular salaried employees
 (b) Part time employees
 (c) Casual wage labourers
 (d) Self-employed

- Q2.** In India, people are encouraged to open Bank accounts, besides promoting saving habit. this scheme intends to transfer all the benefits of government schemes and subsidies to accounts holder directly. This scheme is called_____.

- (a) Pradhan Mantri Jan-Dhan
 (b) Pradhan Mantri Gramodaya Yojana
 (c) Pradhan Mantri Rozgar Yojana
 (d) Pradhan Mantri Swarna Jayanthi Yojana

- Q3.** The Indian System of Medicine is called:

- (a) BHARAT
 (b) AYUSH
 (c) IND MED
 (d) VEDIC MED

- Q4.** Match List-I with List-II:

List-I		List-II	
(A)	Foreign currency	(I)	Increase in imports
(B)	Appreciation of currency	(II)	Increase in exports
(C)	Foreign exchange rate	(III)	Foreign exchange
(D)	Depreciation of currency	(IV)	Price of foreign exchange

Choose the correct answer from the options given below:

- (a) (A)-(I), (B)-(III), (C)-(II), (D)-(IV)
 (b) (A)-(III), (B)-(II), (C)-(I), (D)-(IV)
 (c) (A)-(II), (B)-(III), (C)-(IV), (D)-(I)
 (d) (A)-(III), (B)-(I), (C)-(IV), (D)-(II)

- Q5.** Find out the correct statement from the following:

- (a) Externalities are included in national income
 (b) Donations are a part of national Income
 (c) Final goods are include in national Income
 (d) Income method avoids double counting of income

- Q6.** A. Consumer may choose not to change consumption when income has changed then $MPC=0$
 B. Consumer may choose entire change in income then $MPC=1$
 C. Consumer may choose not to change consumption Income has changed then $MPC=1$
 D. Consumer may choose entire change in income then $MPC=0$

- E. Consumer may choose entire change in income then $MPC=\infty$

Choose the correct answer from the options given below:

- (a) A and B only
 (b) C and D only
 (c) D and E only
 (d) C and E only

- Q7.** A. Production possibility curve is concave to its origin.
 B. Centrally planned economy is free from use of money.
 C. Positive economics explain actual economic events.
 D. Price mechanism is found in market economy
 E. India is a capitalist economy

Choose the correct answer from the options given below:

- (a) A, B and E only
 (b) A, C and D only
 (c) A, C and E only
 (d) A, B, C and E only

- Q8.** China has relaxed 'One Child Norm' policy now a days due to which reason?

- (a) More elderly people live long
 (b) Chinese couples not getting married
 (c) China's Economic development has decreased
 (d) More elderly people in proportion to young

- Q9.** Match List-I with List-II:

List-I		List-II	
(A)	Ex-Ante Consumption	(I)	Planned Saving
(B)	Ex-Ante Saving	(II)	Actual Consumption
(C)	Ex-Post Investment	(III)	Planned Consumption
(D)	Ex-Post Consumption	(IV)	Realised investment

Choose the correct answer from the options given below:

- (a) (A)-(I), (B)-(II), (C)-(III), (D)-(IV)
 (b) (A)-(III), (B)-(I), (C)-(IV), (D)-(II)
 (c) (A)-(IV), (B)-(III), (C)-(II), (D)-(I)
 (d) (A)-(II), (B)-(III), (C)-(I), (D)-(IV)

- Q10.** The central bank performs the following functions:

- A. Banker to the public
 B. Banker to the banks
 C. Banker to the government
 D. Lender of the last resort

E. Issues one rupee coins

Choose the correct answer from the options given below:

- (a) A, B and C only
- (b) B, C and D only
- (c) C, D and E only
- (d) A, D and E only

Q11. A tax that acts as an automatic stabiliser - a shock absorber, because it makes disposable income spending, less prone to fluctuation in GDP. That tax is -

- (a) Sales Tax
- (b) Income Tax
- (c) Gift Tax
- (d) Excise duty

Q12. Possibility of using small-scale industries in India for promoting rural development is immense. Small Scale Industries are characterised by which technique?

- (a) Capital Intensive
- (b) Labour Intensive
- (c) Government Intensive
- (d) Land Intensive

Q13. For Deficit Reduction, arrange the following in the correct sequence.

- A. Deficit Budget
- B. Increase the taxes
- C. Calculation of receipts and Expenditure - Financial year
- D. Frame policy to Balance the Budget
- E. Expenditure is more than Receipts

Choose the correct answer from the options given below:

- (a) C, E, A, D, B
- (b) A, B, D, C, E
- (c) E, A, B, C, D
- (d) D, A, B, C, E

Q14. The problem of 'what to produce' in an economy is related with.

- (a) The quantities of the many possible goods and services that an economy will produce
- (b) The technology to be used for the production of the goods and services in an economy
- (c) The distribution of the goods and services produced in an economy
- (d) The research and development of efficient technology for the production of goods and services in an economy

Q15. Following are the various Economic policies, came into being from time to time. Arrange them in chronological order.

- A. Planning Commission
- B. New Economic Policy
- C. Industrial policy Resolution
- D. Karve Committee
- E. Green Revolution

Choose the correct answer from the options given below:

- (a) A, C, D, E, B
- (b) C, A, D, E, B
- (c) A, D, E, C, B
- (d) A, E, D, C, B

Q16. Marketed Surplus refers to:

- (a) Additional portion of produce which is kept in the home by the farmers.
- (b) Additional portion of the produce which is donated to the relatives by the farmers.
- (c) Additional portion of the produce which is used as manure by the farmers.
- (d) Additional portion of the produce which is sold in the market by the farmers.

Q17. If the consumption function is $C = 50 + 0.3Y$. Then, the saving function will be:

- (a) $S = 50 + 0.7Y$
- (b) $S = -50 + 0.7Y$
- (c) $S = -50 + 0.3Y$
- (d) $S = -50 - 0.3Y$

Q18. Match List-I with List-II:

List-I		List-II	
(A)	Income increase - Quantity of Goods increases	(I)	Substitute Good
(B)	Income increase - Quantity of Goods decreases	(II)	Normal Good
(C)	Increase in price, other good Quantity increases	(III)	Complementary Good
(D)	Goods consumed together	(IV)	Inferior Good

Choose the correct answer from the options given below:

- (a) (A)-(II), (B)-(IV), (C)-(I), (D)-(III)
- (b) (A)-(I), (B)-(II), (C)-(III), (D)-(IV)
- (c) (A)-(III), (B)-(I), (C)-(II), (D)-(IV)
- (d) (A)-(I), (B)-(IV), (C)-(III), (D)-(II)

Q19. In all the three methods of calculating National Income (Expenditure Method, Income Method and Value-Added Method) the National Income remains the same. The reason behind is.

- (a) Income and Expenditure are opposite
- (b) Reverse flow of Expenditure
- (c) Reverse flow of Income
- (d) Circular flow of Income

Q20. Mahatma Gandhi National Rural Employment Guarantee Act 2005 provides 100 days of guaranteed wage employment to rural households to do the following type of work.

- (a) Unskilled Manual Work
- (b) Skilled Manual Work

- (c) Unskilled work in the Bank
(d) Skilled Mechanical Work

Q21. Firms spend money for giving "on the Job-Training" to their workers to enhance -
(a) Legal compulsion
(b) Firms have more money
(c) Labour Productivity
(d) Factory Mechanisation

Q22. The Ability of Environment to absorb degradation is called _____.
(a) Environment capacity
(b) Carrying capacity
(c) Absorptive capacity
(d) Ecological capacity

Q23. In Mountainous region, streams can be found almost everywhere. Energy of such streams to move small turbine generate electricity. They are called.....
(a) Mini Mountain Electricity
(b) Mini hydel plants
(c) Mini Electricity plants
(d) Mini dynamo plants

Q24. Utility of a commodity is its want capacity. The utility can be expressed in terms of numbers. This analysis is known as:
(a) Ordinal Utility Analysis
(b) Additional Utility Analysis
(c) Cardinal Utility Analysis
(d) Detailed Utility Analysis

Q25. Arrange the following on the basis of the year they have come into force/enacted in India.
A. Demonetization
B. Covid-Pandemic
C. Goods and Service Act
D. Mahatma Gandhi National Rural Employment Guarantee Act
E. Jan Dhan Account Scheme

Choose the correct answer from the options given below:

- (a) E, D, C, A, B
(b) D, A, C, E, B
(c) E, D, A, C, B
(d) D, E, A, C, B

Q26. Identify true statement from the following about income method of National Income Accounting:
A. Income method includes retirement pension
B. Income method includes donations received
C. Income method includes old age pension
D. Income method Includes social security contribution made by employer

Choose the correct answer from the options given below:

- (a) A and B only
(b) B and D only
(c) D only

- (d) A and D only

Q27. The domestic services women perform at home are not paid for. Since money is not being used here and is not registered as part of economic activity, this results in:
(a) Over estimation of GDP
(b) Under estimation of GDP
(c) Exact estimation of GDP
(d) Economic estimation of GDP

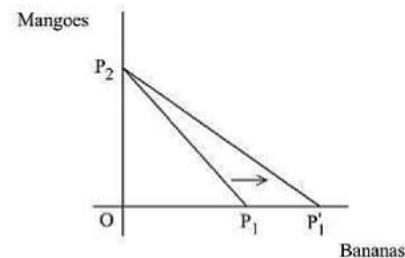
Q28. Match List-I with List-II:

List-I		List-II	
(A)	$\Delta C/\Delta Y$	(I)	APS
(B)	S/Y	(II)	MPS
(C)	$\Delta S/\Delta Y$	(III)	APC
(D)	C/Y	(IV)	MPC

Choose the **correct** answer from the options given below:

- (a) (A)-(I), (B)-(II), (C)-(III), (D)-(IV)
(b) (A)-(IV), (B)-(III), (C)-(II), (D)-(I)
(c) (A)-(III), (B)-(II), (C)-(I), (D)-(IV)
(d) (A)-(IV), (B)-(I), (C)-(II), (D)-(III)

Q29.



In the above diagram Budget Line goes Flatter from P_1 to P_2 to P_1' . The reason for Budget Line being Flatter is

- (a) No Change in Bananas Price
(b) Bananas Price Increases
(c) Bananas Price Decreases
(d) Mango Price Decreases

Q30. Policy makers wanted to raise income and employment for the poor by work generation. In 1970, Government of India started poverty alleviation programme known as _____.

- (a) Food for Work programme
(b) Money for Work programme
(c) Shelter for Work programme
(d) Cloth for Work programme

Q31. Central Pollution Control Board (CPCB) has identified _____ categories of large and medium industries as polluting Industries.

- (a) 15
(b) 17
(c) 19
(d) 21

Q32. The following are the sources of human capital formation, except:

- (a) Migration

- (b) On-the-job training
(c) Expenditure on health and education
(d) Rural periodic markets

Q33. Budgeting Policy includes:

- A. Revenue Repo Rate
B. Taxes
C. Public Borrowing
D. Public Expenditure
E. Open Market operation

Choose the correct answer from the options given below:

- (a) A, C and E only
(b) B, C and D only
(c) B, D and E only
(d) D, E and A only

Q34. There are four alternative measures of money supply M_1 , M_2 , M_3 and M_4 . Arrange the following measures in the order of M_1 , M_2 , M_3 and M_4 .

- A. M_1 + Net time deposits of commercial banks + Total deposits with Post Office Saving Banks (Excluding National Saving Certificates)
B. $CU + DD$
C. M_1 - Net deposits
D. M_1 + Saving deposits with post office saving banks
E. M_1 + Net time deposits of commercial banks

Choose the correct answer from the options given below:

- (a) B, D, E, A
(b) A, D, E, B
(c) B, A, E, A
(d) B, C, A, D

Q35. This demand is more than the level of output produced at full employment level. This situation is called excess demand which leads to...

- (a) Inflation
(b) Deflation
(c) Equilibrium
(d) Disequilibrium

Q36. What was concerned with the reforms in the government's taxation and public expenditure policies?

- (a) Fiscal policy
(b) Monetary Policy
(c) Direct taxes
(d) Indirect taxes

Q37.

	Firm A	Firm B
Sale	200	500
Intermediate Consumption	0	x
Value		

If $GDP = 600$, then Intermediate consumption of firm B is:

- (a) 100
(b) 700

- (c) 200
(d) 500

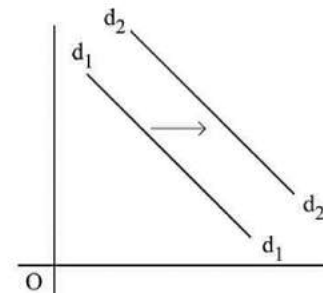
Q38. Match List-I with List-II:

List-I		List-II	
(A)	Capital Expenditure	(I)	Borrowing
(B)	Revenue Expenditure	(II)	Escheats
(C)	Revenue Receipts	(III)	Subsidies
(D)	Fiscal Deficit	(IV)	Repayment of Foreign debts

Choose the correct answer from the options given below:

- (a) (A)-(III), (B)-(IV), (C)-(I), (D)-(II)
(b) (A)-(IV), (B)-(I), (C)-(II), (D)-(III)
(c) (A)-(IV), (B)-(III), (C)-(II), (D)-(I)
(d) (A)-(II), (B)-(III), (C)-(IV), (D)-(I)

Q39.



Shift in the demand curve shown in the figure where d_1 shift parallel to right word. The following is not the reason for shifting.

- (a) Taste
(b) Fashion
(c) Preferences
(d) Price

Q40. Which of the following statements is not true about fiscal deficit?

- (a) Fiscal deficit is the difference between government's total expenditure and its total receipts excluding borrowing.
(b) Fiscal deficit are also known as borrowing.
(c) Fiscal deficit is deflationary.
(d) There can be fiscal deficit without revenue deficit.

Direction for the question 41 to 45:

Read the passage carefully. Attempt Question Global Footprint!

Owing to globalisation, you might find many Indian companies have expanded their Wings to many other countries. For example, ONGC Videsh, a subsidiary of the Indian public sector enterprise, Oil and Natural Gas Corporation engaged in oil and gas exploration and production has projects in 16 countries. Tata Steel, a private company established in 1907, is one of the top ten global steel companies in the world which have operations in 26 countries and sell its products in 50 countries. It employs

nearly 50,000 persons in other countries. HCL Technologies, one of the top five IT companies in India has offices in 31 countries and employs about 15,000 persons abroad. Dr Reddy's Laboratories, initially was a small company supplying pharmaceutical goods to big Indian companies. Today it has manufacturing plants and research centres across the world.

- Q41.** An Indian I.T. Company which employs nearly 15,000 in other countries and has branches in 31 countries is.
 (a) HCL Technology
 (b) Infosys
 (c) TCL Ltd.
 (d) Google
- Q42.** Indian steel company which have operation in 26 countries and sell its products in many countries is _____.
 (a) Steel Authority of India Ltd
 (b) Tata steel Private Company Ltd
 (c) Jindal Steel Private Company Ltd
 (d) Salem Steel India Ltd
- Q43.** The main reason behind Indian Companies started working in many other countries:
 (a) Foreignisation
 (b) Indianisation
 (c) Westernisation
 (d) Globalisation
- Q44.** ONGC engaged in Oil and gas exploration and production has projects in 16 countries mainly because of:
 (a) New Industrial policy Resolution - 1956
 (b) New Economic Policy - 1991
 (c) Oil Revolution
 (d) Niti Ayog Formation
- Q45.** Dr Reddy's Laboratories once it was a small company, due to New Economic Policy 1991 now they have manufacturing plants and research across the world. Dr. Reddy's Laboratories supply the following goods to Indian Companies:
 (a) Herbs and Medicine
 (b) Parachute goods
 (c) Pharmaceutical goods
 (d) Computer goods

Direction for the question 46 to 50:

Read the passage carefully. Attempt Question

Exchange Rate Management; The Indian Experience

India's exchange rate policy has evolved in line with international and domestic developments. post-independence, in View of the prevailing Bretton Woods system, the Indian rupee was pegged to the pound sterling due to its historic links with Britain. A major development was the devaluation of the rupee by 36.5 per cent in June

1966. With the breakdown of the Bretton Woods system, and also the declining share of UK in India's trade the rupee was delinked from the pound sterling in September 1975. During the period between 1975 to 1992, the exchange rate of the rupee was officially determined by the Reserve Bank within a nominal band of plus or minus 5 per cent of the weighted basket of currencies of India's major trading partners. The Reserve Bank intervened on a day-to-day basis which resulted in Wide changes in the size of reserves. The exchange rate regime of this period can be described as an adjustable nominal peg with a band.

The beginning of 1990s saw significant rise in oil prices and suspension of remittances from the Gulf region in the wake of the Gulf crisis. This and Other domestic and international developments, led to severe balance of payments problems in India. The drying up of access to commercial banks and short-term credit made financing the current account deficit difficult. 's foreign currency reserves fell rapidly from US \$ 3.1 billion in August to US \$ 975 million on July 12, 1991.

- Q46.** In the post-Independence Era, under India's Exchange rate Policy, Indian Rupee was pegged with Pound Sterling the reason behind was:
 (a) Britain ruled India
 (b) Britain ruled many countries
 (c) Sterling was attractive role
 (d) Pound sterling was American Currency
- Q47.** In September 1975, the Indian rupee was delinked from the Britain's Pound Sterling, due to:
 (a) Decline in British Pound Sterling supply
 (b) Decline In India's Trade with United Kingdom
 (c) Decline in British Gold reserve
 (d) Decline in India's Gold reserve
- Q48.** After 1975, Reserve Bank of India intervened day to day basis, which resulted in large changes in the size of reserves. The exchange rate regime of this period is described as:
 (a) Fixed Nominal peg
 (b) Reserve Indian Peg
 (c) Adjustable Nominal Peg
 (d) Indian Economic Peg
- Q49.** In 1990, there was a severe balance of payment problems in India mainly due to
 (a) Rise in oil Production in Gulf Region
 (b) Rise in oil Production in Russia
 (c) Rise in oil Prices
 (d) Decrease in oil Prices
- Q50.** In 1991, India's currency reserve fell very rapidly, the reason behind the fall was _____
 (a) Ukraine Crisis
 (b) Palestine Crisis
 (c) China Crisis
 (d) Gulf Crisis

SOLUTIONS

S1. Ans. (d)

Sol. Self-employed workers are those who own and operate their own businesses. They are responsible for their own profits and losses, and they do not receive a regular salary from an employer.

S2. Ans. (a)

Sol. The scheme that intends to transfer all the benefits of government schemes and subsidies to accounts holder directly is called Pradhan Mantri Jan-Dhan Yojana. It is a financial inclusion scheme launched by the Government of India in 2014. The scheme aims to provide access to banking services to all households in India. It also aims to promote saving habits and to provide financial security to the poor and marginalized.

S3. Ans. (b)

Sol. AYUSH is an acronym for Ayurveda, Yoga, Unani, Siddha, and Homeopathy. These are five traditional systems of medicine that have been practiced in India for centuries.

S4. Ans. (d)

Sol. The correct matching is as follows:

List-I		List-II	
(A)	foreign currency	(III)	foreign exchange
(B)	Appreciation of currency	(I)	increase in Imports
(C)	Foreign exchange rate	(IV)	Price of foreign exchange
(D)	depreciation of currency	(II)	increase in exports

S5. Ans. (c)

Sol. National income includes the value of all final goods and services produced within an economy in a given time period. Including final goods helps to avoid the problem of double-counting, where the same value is counted multiple times.

S6. Ans. (a)

Sol. The correct answers are:

- Consumer may choose not to change consumption when income has changed then $MPC=0$
- Consumer may choose entire change in income then $MPC=1$

S7. Ans. (b)

Sol. The correct answers are:

- Production possibility curve is concave to its origin.
- Positive economics explains actual economic events.
- Price mechanism is found in market economy.

S8. Ans. (d)

Sol. The main reason why China has relaxed its One Child Norm policy is because of 4. More elderly people in proportion to young.

The One Child Norm policy was introduced in China in 1979 in order to control the country's rapidly growing population. However, the policy has had a number of unintended consequences, including a declining birth rate and an aging population.

As a result of the One Child Norm policy, there are now more elderly people in China than young people. This is putting a strain on the country's social welfare system and economic growth.

S9. Ans. (b)

Sol. The correct matching is as follows:

List-I		List-II	
(A)	ex-Ante Consumption	(III)	planned Consumption
(B)	ex-Ante Saving	(I)	planned Saving
(C)	ex-Post Investment	(IV)	Realised Investment
(D)	ex-Post Consumption	(II)	actual Consumption

S10. Ans. (b)

Sol. The central bank performs the following functions:

Banker to the banks: The central bank provides banking services to commercial banks, such as clearing checks and providing loans.

Banker to the government: The central bank provides banking services to the government, such as managing the government's debt and processing government payments.

Lender of last resort: The central bank provides loans to commercial banks when they are facing liquidity problems. This helps to prevent financial crises.

S11. Ans. (b)

Sol. Income tax is a progressive tax, which means that the higher the income, the higher the tax rate. This means that when incomes fall, tax revenue also falls, and vice versa. This helps to cushion the blow of economic downturns and to boost aggregate demand during times of economic expansion.

S12. Ans. (b)

Sol. Small scale industries are typically low-cost, low-tech industries that rely on manual labor rather than expensive machinery. This makes them ideal for rural areas, where there is often a surplus of labor but a shortage of capital.

S13. Ans. (a)

Sol. The correct sequence for deficit reduction is:

C, E, A, D, B

Calculation of receipts and expenditure for the financial year: This is the first step in deficit reduction, as it allows the government to identify the size of the deficit. Expenditure is more than receipts: This is the definition of a budget deficit.

Deficit budget: A deficit budget is a budget in which the government's spending exceeds its revenue.

Frame policy to balance the budget: This is the step where the government develops a plan to reduce the deficit.

Increase taxes: Increasing taxes is one way to reduce the deficit.

S14. Ans. (a)

Sol. The problem of "what to produce" in an economy is related to the quantities of the many possible goods and services that an economy will produce.

S15. Ans. (b)

Sol. The correct chronological order of the various economic policies in India is:

C. Industrial Policy Resolution, 1948

A. Planning Commission, 1950

D. Karve Committee, 1955

E. Green Revolution, 1966

B. New Economic Policy, 1991

S16. Ans. (d)

Sol. Marketed Surplus refers to the additional portion of the produce which is sold in the market by the farmers.

S17. Ans. (b)

Sol. saving function can be derived from the consumption function as follows:

Saving = Income - Consumption

Saving = $Y - C$

Substituting the consumption function ($C = 50 + 0.3Y$) into the saving function, we get the following:

Saving = $Y - (50 + 0.3Y)$

Saving = $-50 + 0.7Y$

S18. Ans. (a)

Sol. The correct matching is as follows:

List-I		List-II	
(A)	Income Increase - Quantity of Goods Increases	(II)	normal Goods
(B)	Income Increase - Quantity of Goods decreases	(IV)	Inferior Goods
(C)	Increase in price, other good quantity increases	(I)	Substitute Goods
(D)	Goods consumed together	(III)	Complementary Goods

S19. Ans. (d)

Sol. The reason why national income remains the same in all the three methods of calculating it (expenditure method, income method, and value-added method) is because of the circular flow of income.

S20. Ans. (a)

Sol. The Mahatma Gandhi National Rural Employment Guarantee Act 2005 (MGNREGA) provides 100 days of guaranteed wage employment to rural households to do unskilled manual work.

S21. Ans. (c)

Sol. Firms spend money for giving "on the job training" to their workers to enhance labour productivity.

On-the-job training is a type of training that is provided to workers while they are on the job. It is a practical way to train workers on how to perform their specific job duties. On-the-job training can be provided by a supervisor, a more experienced worker, or a combination of the two.

S22. Ans. (c)

Sol. The ability of the environment to absorb degradation is called absorptive capacity.

Absorptive capacity is the ability of the environment to assimilate and breakdown pollutants and other waste products without causing harm to human health or the natural environment. It is a measure of the resilience of the environment.

S23. Ans. (b)

Sol. Mini hydel plants are a type of hydroelectric power plant that uses the energy of moving water to generate electricity. They are typically smaller than conventional hydroelectric power plants, and they can be built on smaller rivers and streams.

Mini hydel plants are a renewable source of energy, and they can help to reduce greenhouse gas emissions and other forms of pollution. They can also provide electricity to remote areas that are not connected to the grid.

S24. Ans. (c)

Sol. The analysis of utility in terms of numbers is called cardinal utility analysis.

S25. Ans. (d)

Sol. The following is the chronological order of the policies listed in your question:

D. Mahatma Gandhi National Rural Employment Guarantee Act (2005)

E. Jan Dhan Account Scheme (2014)

A. Demonetization (2016)

C. Goods and Services Tax (2017)

B. COVID-19 Pandemic (2020)

S26. Ans. (d)

Sol. The following statements are true about the income method of national income accounting:

A. Income method includes retirement pension.

D. Income method includes social security contribution made by employer.

S27. Ans. (b)

Sol. The domestic services women perform at home are not paid for, which results in underestimation of GDP.

GDP, or gross domestic product, is the measure of the total value of all goods and services produced in a country in a given period of time. It is calculated by adding up the value of all consumption, investment, government spending, and net exports.

S28. Ans. (d)

Sol. The correct matching is as follows:

List-I		List-II	
(A)	$\Delta C/\Delta Y$	(IV)	MPC
(B)	S/Y	(I)	APS
(C)	$\Delta S/\Delta Y$	(II)	MPS
(D)	C/Y	(III)	APC

S29. Ans. (c)

Sol. The reason for the budget line to become flatter from P1P2 to P2P'1 is because the price of bananas decreases.

This is because the budget line represents all possible combinations of goods and services that can be purchased with a given income and set of prices. When the price of bananas decreases, the consumer can now purchase more bananas with the same amount of money. This means that the budget line will shift outward, pivoting from the mango axis.

S30. Ans. (a)

Sol. The Food for Work programme was launched by the Government of India in 1970 as a poverty alleviation programme. The programme aimed to generate employment and provide food security for the poor. Under the programme, the government provided food grains to states at a subsidized rate. The states then used the food grains to pay wages to workers who participated in employment-generating schemes.

S31. Ans. (b)

Sol. The Central Pollution Control Board (CPCB) has identified 17 categories of large and medium industries as polluting industries.

S32. Ans. (d)

Sol. Rural periodic markets are not a direct source of human capital formation. They can play a role in human capital formation by providing access to goods and services that can improve people's health and education, but they are not directly involved in the production of human capital.

S33. Ans. (b)

Sol. The government's budget has three main components: Taxes: Taxes are the main source of revenue for the government. They are used to fund government programs and services.

Public expenditure: Public expenditure is the government's spending on goods and services. It includes spending on education, healthcare, infrastructure, and social security.

Public borrowing: Public borrowing is the government's borrowing of money to finance its budget deficit. The government can borrow money through the sale of government securities or by borrowing from foreign governments and international organizations.

S34. Ans. (a)

Sol. The correct order of the four alternative measures of money supply is:
B. $CU + DD$ (M_1)

D. $M_1 + \text{Saving deposits with post office Savings banks}$ (M_2)

E. $M_1 + \text{Net time deposits of Commercial banks}$ (M_3)

A. $M_1 + \text{Net time deposits of commercial banks} + \text{Total deposits with Post Office Saving Banks (Excluding National Saving Certificates)}$ (M_4)

S35. Ans. (a)

Sol. When demand is more than the level of output produced at full employment level, this situation is called excess demand, which leads to inflation.

Inflation is a general increase in prices and a decrease in the purchasing value of money. It occurs when the demand for goods and services exceeds the supply, and businesses must raise prices to meet demand.

S36. Ans. (a)

Sol. The reforms in the government's taxation and public expenditure policies are concerned with fiscal policy.

Fiscal policy is the use of government spending and taxation to influence the economy. It is one of the two main macroeconomic policy tools, along with monetary policy

S37. Ans. (a)

Sol. $GDP = \text{Value sale by Firm A} + \text{Value of sale by Firm B} - \text{Intermediate consumption}$

$600 = 200 + 500 - \text{Intermediate consumption of Firm B}$

Intermediate consumption of Firm B = $700 - 600$

Intermediate consumption of Firm B = 100

S38. Ans. (c)

Sol. The following is the correct matching of the terms in

List-I		List-II	
(A)	Capital Expenditure	(IV)	Repayment of Foreign debts
(B)	Revenue Expenditure	(III)	Subsidies
(C)	Revenue Receipts	(II)	Taxes
(D)	Fiscal Deficit	(I)	Borrowing

S39. Ans. (d)

Sol. The price of the good or service is not the reason for the shift of the demand curve to the right when the demand curve shifts parallel to the right.

S40. Ans. (c)

Sol. Fiscal deficit is actually considered inflationary, not deflationary. When a government runs a fiscal deficit, it often involves increased government spending, which can stimulate economic activity and lead to inflationary pressures in the economy.

S41. Ans. (a)

Sol. HCL Technology is an Indian IT company that has offices in 31 countries and employs nearly 15,000 people abroad.

S42. Ans. (b)

Sol. Tata Steel is an Indian steel company that has operations in 26 countries and sells its products in many countries.

<p>S43. Ans. (d) Sol. Globalisation is the process of international integration arising from the interchange of world views, products, ideas and other aspects of culture. Globalisation is primarily an economic process of increasing interdependence of world economies caused by the increasing volume and variety of international economic transactions and the growing economic, financial and political interdependence of countries and national economies.</p> <p>S44. Ans. (b) Sol. The New Economic Policy (NEP) was introduced in 1991 to liberalise the Indian economy. One of the key features of the NEP was the removal of restrictions on foreign investment. This led to an increase in the number of Indian companies expanding their operations overseas.</p> <p>S45. Ans. (c) Sol. Dr. Reddy's Laboratories is an Indian pharmaceutical company. It is one of the largest Indian companies in the pharmaceutical sector. The company has manufacturing plants and research centers across the world.</p> <p>S46. Ans. (a) Sol. The Indian rupee was pegged to the pound sterling in the post-independence era because Britain had ruled India for over 200 years.</p>	<p>S47. Ans. (b) Sol. The Indian rupee was delinked from the pound sterling in September 1975 due to the decline in India's trade with the United Kingdom.</p> <p>S48. Ans. (c) Sol. The exchange rate regime of the period from 1975 to 1992 was an adjustable nominal peg with a band. This means that the exchange rate of the rupee was allowed to fluctuate within a narrow band around a weighted basket of currencies of India's major trading partners. The Reserve Bank of India intervened in the foreign exchange market to buy or sell rupees to maintain the exchange rate within the band.</p> <p>S49. Ans. (c) Sol. The severe balance of payments problems in India in 1990 were mainly due to the rise in oil prices.</p> <p>S50. Ans. (d) Sol. India's currency reserves fell very rapidly in 1991 due to the Gulf Crisis. The Gulf Crisis was a period of political and military tension in the Middle East that began in August 1990, when Iraq invaded Kuwait. The crisis led to a sharp increase in oil prices and a decrease in remittances from the Gulf region. This had a negative impact on India's economy and led to a decline in its foreign currency reserves.</p>
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