

# SAMPLE PAPER 4

Maximum Marks : 200

Time : 60 Minutes

## General Instructions :

- (i) This paper consists of 50 MCQs, attempt any 40 out of 50
- (ii) Correct answer or the most appropriate answer: Five marks (+5)
- (iii) Any incorrect option marked will be given minus one mark (-1)
- (iv) Unanswered/Marked for Review will be given no mark (0)
- (v) If more than one option is found to be correct then Five marks (+5) will be awarded to only those who have marked any of the correct options
- (vi) If all options are found to be correct then Five marks (+5) will be awarded to all those who have attempted the question.
- (vii) Calculator / any electronic gadgets are not permitted.

1. Which of the following is a stock?

- (1) Savings
- (2) Production
- (3) Consumption of fixed capital
- (4) Capital

2. It takes Rohan 30 minutes to do an economics assignment and one hour to do a finance assignment. What is the opportunity cost of you doing two economics assignments?

- (1) 1 finance assignments
- (2) 2 finance assignments
- (3) 1/2 finance assignments
- (4) 3 finance assignments

3. In an open economy, Aggregate Demand is estimated as:

- (1) private consumption expenditure + private investment expenditure + government expenditure + exports
- (2) private consumption expenditure + private investment expenditure + government expenditure + imports
- (3) private investment expenditure + government expenditure + net exports
- (4) private consumption expenditure + private investment expenditure + government expenditure + net exports

4. Demand deposits include:

- (1) Saving account deposits and fixed deposits.
- (2) Saving account deposits and current account deposits.
- (3) Current account deposits and fixed deposits
- (4) All types of deposits.

5. Which of the following factor affects the individual demand?

- (1) Number of consumers in the market
- (2) Distribution of income
- (3) Age of the sample population
- (4) Income of the consumer

6. Fiscal deficit equals:

- (1) Primary deficit minus interest payments.
- (2) Primary deficit plus interest payments.
- (3) Total budget expenditure minus total budget receipts.
- (4) None of the above.

7. Identify the correctly matched pair of items in Column A to those in Column B:

Column A	Column B
1. Money Flow	(a) Consumption Expenditure
2. Real Flow	(b) Between Households
3. Trade Flow	(c) Only Domestic Economy
4. Capital Flow	(d) Inventory

- (1) 1 – (a)
- (2) 2 – (b)
- (3) 3 – (c)
- (4) 4 – (d)

8. An Indian company located in India invests in a company located abroad. This transaction is entered in India's Balance of Payments Account on:

- (1) Credit side of current account.
- (2) Debit side of current account.
- (3) Credit side of capital account.
- (4) Debit side of capital account.

9. Identify the correctly matched pair from Column A to that of Column B:

Column A	Column B
(1) Investment Multiplier	(a) $C + I + G + (X - M)$
(2) Marginal Propensity to Consume	(b) $\frac{\Delta C}{\Delta Y}$
(3) Marginal Propensity to Save	(c) $\frac{\Delta I}{\Delta Y}$
(4) Aggregate Demand	(d) $\frac{\Delta S}{\Delta Y}$

- (1) 1 – (a)                      (2) 2 – (b)  
 (3) 3 – (c)                      (4) 4 – (d)

**10.** Identify the correctly matched pair of the items in Column A to that of Column B.

Column A	Column B
(1) Increase in demand for a goods	(a) Leftward shift in the demand curve
(2) Decrease in demand	(b) Perfectly Elastic Demand
(3) $E_d = \infty$	(c) Increase in income of the consumer
(4) Downward Sloping	(d) Income elasticity of Demand

- (1) 1 – (a)                      (B) 2 – (b)  
 (3) 3 – (c)                      (D) 4 – (d)

**11.** When the actual price of a commodity is less than the equilibrium price, then equilibrium price \_\_\_\_\_.

- (1) Starts rising                      (2) Starts falling  
 (3) Remains constant                      (4) First falls, then rises

**12.** Which of the following statement is true?

- (1) Fixed cost curve is parallel to X-axis because it changes at all levels of output.  
 (2) Fixed cost curve is parallel to Y-axis because it remains constant at all levels of output.  
 (3) Fixed cost curve is parallel to X-axis because it remains constant at all levels of output.  
 (4) Fixed cost curve is parallel to Y-axis because it changes at all levels of output.

**13.** Foreign embassies in India are a part of India's:

- (1) Economic territory  
 (2) Geographical territory  
 (3) Both (A) and (B)  
 (4) None of the above

**14.** Identify the correctly matched item from Column A to that of Column B:

Column A	Column B
(1) Tea Industry	(a) Monopoly
(2) Ship Building industry	(b) Perfect Competition
(3) Oil Producing Countries	(c) Oligopoly
(4) Food Market	(d) Monopoly

- (1) 1 – (a)                      (2) 2 – (b)  
 (3) 3 – (c)                      (4) 4 – (d)

**15.** Which of the following statements is true?

- (1) Value of multiplier will be zero of entire additional income consumption is converted into additional consumption.  
 (2) Value of multiplier will be infinity of entire additional income consumption is converted into additional consumption.  
 (3) Value of multiplier will be unitary of entire additional income consumption is converted into additional consumption.  
 (4) Value of multiplier cannot be determined of entire additional income consumption is converted into additional consumption.

**16.** Identify the correctly matched pair from Column A to that of Column B:

Column A	Column B
(1) Flexible Exchange Rate	(a) Foreign Exchange Rate is determined by the Central Bank.
(2) Fixed Exchange Rate	(b) The foreign exchange rate is determined by the demand and supply.
(3) Managed Flexible Rate	(c) The Central Bank interferes with the market demand and supply of foreign currency.
(4) Managed Fixed Rate	(d) The Central Bank controls the foreign rate regime.

- (1) 1 – (a)                      (2) 2 – (b)  
 (3) 3 – (c)                      (4) 4 – (d)

**17.** Who regulates money supply in India?

- (1) Government of India  
 (2) Reserve Bank of India  
 (3) Commercial Banks  
 (4) Planning Commission

**18.** The slope of supply curve is measured by\_\_\_\_\_.



- (1)  $\Delta Q / \Delta P$                       (2)  $\Delta P / \Delta Q$   
 (3)  $\Delta P - \Delta Q$                       (4)  $\Delta P + \Delta Q$

**19.** Which one of the following is a combination of direct taxes?

- (1) Excise duty and Wealth tax  
 (2) Service tax and Income tax  
 (3) Excise duty and Service tax  
 (4) Wealth tax and Income tax

**20. Statement 1:** When MP is more than AP, then AP rises.

**Statement 2:** When MP is less than AP, then AP is at its maximum point.

**Alternatives:**

- (1) Both the statements are true.  
 (2) Both the statements are false.  
 (3) Statement 1 is true but statement 2 is false.  
 (4) Statement 1 is false but statement 2 is true.

**21.** Aggregate demand can be increased by:

- (1) Increasing bank rate.  
 (2) Selling government securities by Reserve Bank of India.  
 (3) Increasing cash reserve ratio.  
 (4) None of the above.

**22.** Which of the following is the variable cost for a firm?

- (1) Interest on loan  
 (2) Monthly rent  
 (3) Insurance premium  
 (4) Wages to employees

**23.** Which of the following statements is true?

- (1) A monopoly selects a higher price and lesser quantity of output than a price-taking company.  
 (2) A monopoly selects a lower price and lesser quantity of output than a price-taking company.  
 (3) A monopoly selects a higher price and more quantity of output than a price-taking company.  
 (4) A monopoly selects a higher price and lesser quantity of output than a price-making company.

**24.** Which of the following statements is true?

- (1) Demand Curve is indeterminate under perfect competition.  
 (2) Demand Curve is indeterminate under monopoly.  
 (3) Demand Curve is indeterminate under monopolistic competition.  
 (4) Demand Curve is indeterminate under oligopoly.

**25.** What is the saturation point?

- (1) When TU is minimum and MU is zero  
 (2) When TU is maximum and MU is 1  
 (3) When TU is minimum and MU is 1  
 (4) When TU is maximum and MU is zero

**26.** Due to installation of a machine with latest technology, the cost of production has decreased. It will lead to:

- (1) Expansion in supply  
 (2) Increase in supply  
 (3) Contraction in supply  
 (4) Decrease in supply

**27.** Which of the following statements is false?

- (1) An economy can attain the maximum equilibrium GDP level even when excess capacity is not fully exhausted.  
 (2) An economy can attain the maximum equilibrium GDP level only when excess capacity is fully exhausted.  
 (3) An economy can attain the maximum equilibrium GDP level even when excess capacity is partially exhausted.  
 (4) An economy can attain the minimum equilibrium GDP level even when excess capacity is fully exhausted.

**28.** Which of the following is an assumption for Indifference Curve Approach.

- (1) Consumers are to be rational.  
 (2) Consumer income is given.  
 (3) Price of commodity remain constant.  
 (4) Income is changed.

**29.** Which of the following statements are incorrect?

- (1) Indifference Curves are convex to the origin.  
 (2) Indifference Curves are downward sloping to the right.  
 (3) A higher indifference curve represents a higher level of satisfaction.  
 (4) Two curves can intersect each other.

**30.** Which of the following statement is true?

- (1) Stock refers to the total quantity of a commodity available with the seller at any given time.  
 (2) Stock refers to the total quantity of a commodity available with the buyer at any given time.  
 (3) Stock refers to the total price available with the seller at any given time.  
 (4) Stock refers to the total cash available with the seller at any given time.

**31. Assertion (A):** Export of goods and services from India to US would mean outflow of foreign exchange from India.

**Reason (R):** Foreign exchange in terms of receipts for exports flows from US to India.

- (1) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of the Assertion (A).
- (2) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion (A).
- (3) Assertion (A) is true, but Reason (R) is false.
- (4) Assertion (A) is false, but Reason (R) is true.

**32. Assertion (A):** Demand deposits are not legal tenders.

**Reason (R):** They are with the bank, so only can be used as a legal tender when cheques are issued for the transfer.

- (1) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of the Assertion (A).
- (2) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of the Assertion (A).
- (3) Assertion (A) is true, but Reason (R) is false.
- (4) Assertion (A) is false, but Reason (R) is true.

**33. Identify the correctly matched pair in Column A and Column B from the following:**

Column A	Column B
(1) India should create more employment opportunities.	(a) Normative Economics
(2) Unemployment	(b) Microeconomics
(3) Price behaviour	(c) Macroeconomics
(4) Government provided healthcare increases public expenditure.	(d) Normative Economics

**38. Identify the correctly matched items from Column A to that of Column B:**

Column A	Column B
1. Issue of New Currency Notes	(a) Government of India
2. Banker to the Government	(b) State Bank of India
3. Controller of Credit	(c) Reserve Bank of India
4. SLR	(d) Development Bank

- (1) 1 – (a)
- (2) 2 – (b)
- (3) 3 – (c)
- (4) 4 – (d)

**39. Identify the correctly matched pair from Column A to Column B:**

Column A	Column B
(1) Increase of Foreign Reserve from \$400 to \$450 millions	(a) Credit side of Capital Account
(2) Dasault Ltd. invested in Reliance Defence	(b) Debit Side of Capital Account
(3) India gave line of credit to Botswana	(c) Credit Side of the Capital Account
(4) India borrowed \$ 350 million from the world bank	(d) Debit Side of the Capital Account

- (1) 1 – (a)
- (2) 2 – (b)
- (3) 3 – (c)
- (4) 4 – (d)

**34. Identify which of the following statements is true.**

- (1) The difference between planned revenue expenditure and planned revenue receipts is called Fiscal deficit.
- (2) The difference between total planned expenditure and total planned receipts is called fiscal deficit.
- (3) The difference between total planned receipts and interest payment is called primary deficit.
- (4) The sum of primary deficit and interest payment is called fiscal deficit.

**35. The shape of average revenue curve in monopoly is .....**

- (1) Upward rising
- (2) Downward sloping
- (3) U- shaped
- (4) S - shaped

**36. Product differentiation is a distinguishing feature of which form of market?**

- (1) Perfect competition
- (2) Monopoly
- (3) Oligopoly
- (4) Monopolistic competition

**37. Identify the phase in which TP increases at an increasing rate and MP also increases.**

- (1) Increasing returns to a factor.
- (2) Diminishing returns to a factor
- (3) Negative returns to a factor
- (4) None of these.



- (1) 1 – (a)                      (2) 2 – (b)  
(3) 3 – (c)                      (4) 4 – (d)

**40. Statement 1:** AP can take positive values only.

**Statement 2:** TP can take negative values only.

**Alternatives:**

- (1) Both the statements are true.  
(2) Both the statements are false.  
(3) Statement 1 is true but statement 2 is false.  
(4) Statement 1 is false but statement 2 is true.

**41. Identify the correctly matched pair in Column A and Column B from the following:**

Column A	Column B
1. Aggregate Demand	(a) Positive Economics
2. Aggregate Demand	(b) Microeconomics
3. Monopolistic Competition Market	(c) Normative Economics
4. Supply of Money	(d) Macroeconomics

- (1) 1 – (a)                      (2) 2 – (b)  
(3) 3 – (c)                      (4) 4 – (d)

**42. Desire to own a commodity is always backed up by:**

- (1) Desired quantity  
(2) Purchasing power  
(3) Final consumer good  
(4) Flow concept

**43. Identify the correctly matched pair from the items in Column A by matching them to the items in Column B:**

Column A	Column B
1. Relatively Inelastic Demand	(a) $ed > 1$
2. Relatively Elastic Demand	(b) $ed < 1$
3. Perfectly Inelastic Demand	(c) $ed = 0$
4. Perfectly Elastic Demand	(d) $ed = 1$

- (1) 1 – (a)                      (2) 2 – (b)  
(3) 3 – (c)                      (4) 4 – (d)

**44. When aggregate demand is greater than aggregate supply, inventories:**

- (1) fall  
(2) rise  
(3) do not change  
(4) first fall, then rise

**45. Identify the correctly matched pair in Column A and Column B from the following:**

Column A	Column B
1. Uniformity of taxes	(a) Effect of 2016 Demonetisation
2. At the State Level	(b) Benefit of GST
3. One Point Single Tax	(c) Objective of GST
4. Brought an end to black money	(d) SGST

- (1) 1 – (a)                      (2) 2 – (b)  
(3) 3 – (c)                      (4) 4 – (d)

**46. Which of the following is a source of capital receipt?**

- (1) Foreign donations      (2) Dividends  
(3) Dis-investment        (4) Indirect taxes

**I. Read the below case and answer the questions that follow:**

The Centre on Saturday increased the budgetary allocation for the environment ministry from last fiscal by nearly five percent for 2020-21 with no change in the amount allotted to pollution abatement and climate change action plan.

Union Finance Minister, Nirmala Sitharaman, allocated ₹3,100 crore for the ministry out of which ₹460 crore were allotted to control pollution, which is the same as the money it received in the last budget.

Control of pollution has been conceptualized to provide financial assistance to Pollution Control Boards/Committees and funding to National Clean Air Programme (NCAP).

Similarly, budget for pollution abatement, which was cut by 50 percent last year from 2018-19, remained unchanged at ₹10 crore.

The minister also announced that states, which are formulating and implementing plans for ensuring cleaner air in cities above one million population should be encouraged.

*- Budget 2020: Allocation for Environment Ministry up 5% to ₹3,100 crore – Business Standards, 1st February, 2020*

**47. What type of externality will the increase in budget allocation create?**

- (1) Negative                      (2) Positive  
(3) Neutral                      (4) Can't be said

**48. \_\_\_\_\_ means material well-being of the people.**

- (1) Externality                      (2) Welfare  
(3) Economy                      (4) None of the above

**49.** Real GDP and Welfare are \_\_\_\_\_ related with each other.

- |               |                       |
|---------------|-----------------------|
| (1) Directly  | (2) Indirectly        |
| (3) Inversely | (4) None of the above |

**50.** Why is the policy implemented?

- (1) To ensure clear air
- (2) To ensure clear water
- (3) To ensure clean roads
- (4) All of the above

□□□

# SOLUTIONS

**1. Option (4) is correct.**

*Explanation:* Capital is measured at a particular point of time. (When government spend more than its total income.)

**2. Option (1) is correct.**

*Explanation:* To do one economics assignment, it takes 30 minutes. To do two economics assignments, it takes 1 hour which is the same time as needed to do one finance assignment. Therefore, the opportunity cost of doing two economics assignments is one finance assignment.

**3. Option (4) is correct.**

*Explanation:* Aggregate Demand refers to the value of final goods and services which all sectors of an economy are planning to buy during a year.

**4. Option (2) is correct.**

*Explanation:* Demand deposits include saving account deposits and current account deposits because these are very liquid and can be used immediately to purchase goods and services.

**5. Option (4) is correct.**

*Explanation:* Income of the consumer affects the individual demand since more will the person earn more he will be able to afford, hence an increase in demand for normal goods.

**6. Option (2) is correct.**

*Explanation:* Fiscal Deficit refers to the excess of total expenditure over total receipts excluding borrowings. (When government spend more than its total income.)

**7. Option (1) is correct.**

*Explanation:* Money flows refer to the payments for the services.

**8. Option (4) is correct.**

*Explanation:* It is an outflow of money from Indian economy.

**9. Option (2) is correct.**

*Explanation:* Marginal Propensity to Consume is the ratio of change in consumption due to change in income.

**10. Option (1) is correct.**

*Explanation:*

- (a) Increase in demand for a goods - Leftward shift in the demand curve
- (b) Decrease in demand - Rightward shift in the demand curve
- (c)  $E_d = \infty$  - Perfectly Inelastic Demand
- (d) Downward Sloping- Normal Demand Curve

**11. Option (1) is correct.**

*Explanation:* When the actual price of a commodity is less than the equilibrium price, then demand starts rising. Due to excess demand, consumers are willing to buy but sellers are not willing to sell. Hence, price will rise.

**12. Option (3) is correct.**

*Explanation:* Fixed cost curve is parallel to x-axis because it remains constant at all levels of output. Hence, fixed cost is the cost incurred on fixed factors of production like land and machinery.

**13. Option (2) is correct.**

*Explanation:* According to United Nation, "Economic territory is the geographical territory administered by a government within which persons, goods and capital circulate freely."

Since, Foreign Embassies can't be administered by Indian Government, these are a part of India's geographical territory.

**14. Option (3) is correct.**

*Explanation :*

- (a) Tea Industry - Monopolistic Competition
- (b) Ship Building industry - Monopsony
- (c) Oil Producing Countries - Oligopoly
- (d) Food Market - Perfect Competition

**15. Option (2) is correct.**

*Explanation:*

$$\begin{aligned}\Delta Y &= \Delta C \\ MPC &= \Delta C / \Delta Y \\ MPC &= \Delta C / \Delta C = 1 \\ MPS &= 1 - MPC = 0 \\ K &= 1 / MPS = 1 / 0 = \infty\end{aligned}$$



**16. Option (3) is correct.**

*Explanation:* Managed floating exchange rate system is the amalgamation of the flexible exchange rate system and the fixed exchange rate system. Under this system, central bank intervenes to buy and sell foreign currencies in an attempt to moderate exchange rate movements.

**17. Option (2) is correct.**

*Explanation:* RBI is the top monetary authority in the country who print currency and regulates money supply through its monetary policy.

**18. Option (2) is correct.**

*Explanation:* Supply curve is upward sloping curve from left to right. The slope of supply curve is measured by:

$\Delta Y/\Delta X$ , where in on Y-axis price is measured and on x-axis quantity supplied is measured. Hence, slope of supply curve =  $\Delta P/\Delta Q$ .

**19. Option (4) is correct.**

*Explanation:* In case of direct tax, the burden of tax and the liability to pay it falls on the same person.

**20. Option (3) is correct.**

*Explanation:* When MP is more than AP, then AP curve rises. When MP=AP, then AP is at its maximum point. And when MP is less than AP, AP falls.

**21. Option (4) is correct.**

*Explanation:* Aggregate demand can be increased by :

- (a) Decreasing bank rate.
- (b) Purchasing government securities.

**22. Option (4) is correct.**

*Explanation:* Among the following, "wages to employees" is the variable cost for a firm. All other options are the examples of fixed cost because they do not change with the change in the level of output.

**23. Option (1) is correct.**

*Explanation:* In case of monopoly there is only one seller implying that the price structure does not depend on any other firm in the market.

**24. Option (4) is correct.**

*Explanation:* In an Oligopoly form of market no single firm can predict its prospective sales with perfection. This is because any given change in the price/output decision by a rival firm would initiate a series of actions, reactions and counter actions by others. Therefore, there is no certain nature and position of demand curve under this form of market for a firm.

**25. Option (4) is correct.**

*Explanation:* MU curve is the slope of TU curve. Since the slope of TU curve at that point is zero, therefore, MU is zero and that point is known as the saturation point. Units of the good are consumed till the saturation point.

**26. Option (2) is correct.**

*Explanation:* Due to installation of a machine with latest technology, there is fall in cost of production which has led to increase in supply of the commodity and hence supply curve shifts to the right.

**27. Option (2) is correct.**

**28. Option (1) is correct.**

*Explanation:* For the Indifference Curve Approach the consumers are assumed to be rational, who aim at maximizing their benefits.

**29. Option (4) is correct.**

*Explanation:* Indifference curves are graphs that represent various combinations of two commodities that an individual considers equally valuable.

**30. Option (1) is correct.**

*Explanation:* Stock refers to the total quantity of a commodity available with the seller at any given time.

**31. Option (4) is correct.**

*Explanation:* Export of goods and services from India to US would mean inflow of foreign exchange to India.

**32. Option (3) is correct.**

*Explanation:* Legal tender money is that form of money that has a legal sanction by the government behind it. Cheque able demand deposits are not legal tenders because a person can legally refuse to accept payment through cheque able demand deposits.

**33. Option (4) is correct.**

*Explanation:* Normative economics focuses on the value of economic fairness or what the economy should be or based 'to be'. It is subjective and value based ought.

**34. Option (4) is correct.**

*Explanation:* It refers to the excess of total expenditure over total receipts excluding borrowings.

**35. Option (2) is correct.**



*Explanation:* Monopoly is a market situation in which there is a single seller, there are no close substitutes for commodity it produces and there are barriers to entry of new firms. Monopolist himself fixes the price. Accordingly, a monopolist faces a downward sloping demand curve which shows that more can be sold only at a lower price.

**36 Option (4) is correct.**

*Explanation:* Characteristics of Monopolistic Competition :

- (i) Large number of firms,
- (ii) Product differentiation,
- (iii) Free entry and exit of firms,
- (iv) Selling Cost,
- (v) Non-price competition,
- (vi) Sales techniques,
- (vii) Absence of collective action,
- (viii) Consumer's attachment,
- (ix) Price policy of a firm,
- (x) Lack of perfect knowledge.

**37. Option (1) is correct.**

*Explanation:* There are three phases in returns to a factor. In the first phase, i.e., increasing returns to a factor where in TP increases at an increasing rate and MP also increases.

**38. Option (3) is correct.**

*Explanation:* By controlling credit, the central bank can exercise an effective control over economic activities and mobilise it in the desired direction. Central Bank regulates the volume and use of credit by using quantitative and qualitative tools.

**39. Option (2) is correct.**

*Explanation:* A debit to capital a/c means the business doesn't owe so much to its owners (i.e. reduces the business capital).

**40. Option (3) is correct.**

*Explanation:* Average product can be defined as total product divided by number of units of variable factor. Since, total product can only be positive and cannot take negative values, hence, AP can have only positive values.

**41. Option (4) is correct.**

*Explanation:* In macroeconomics, the money supply (or money stock) refers to the total volume of money held by the public at a particular point in time in an economy.

**42. Option (2) is correct.**

*Explanation:* Demand refers to effective demand, which is the demand for a commodity should be backed by a willingness to spend and purchasing power.

**43. Option (3) is correct.**

*Explanation:*

- (a) Relatively Inelastic Demand -  $ed < 1$
- (b) Relatively Elastic Demand -  $ed > 1$
- (c) Perfectly Inelastic Demand -  $ed = 0$
- (d) Perfectly Elastic Demand -  $ed = \text{infinity}$

**44. Option (1) is correct.**

*Explanation:* If aggregate demand is greater than aggregate supply, flow of goods and services in the economy tends to be less than their demand, which means the existing stock of producers would be sold out.

**45. Option (3) is correct.**

*Explanation:*

Uniformity of Taxes: Benefit of GST  
At the State Level: SGST  
One Point Single Tax: Objective of GST  
Brought an end to black money: Effect of Demonetisation.

**46. Option (3) is correct.**

*Explanation:* Disinvestment is a capital receipt as it reduces assets.

**47. Option (2) is correct.**

*Explanation:* Positive externalities refer to positive impact of an economic activity on the others without involving any price.

**48. Option (2) is correct.**

*Explanation:* Welfare means material well-being of the people as it is the state of having enough housing, clothing, food, and possessions, etc. to live comfortably.

**49. Option (1) is correct.**

*Explanation:* Real GDP and Welfare are related with each other as rise in the real GDP leads to rise in the welfare.

**50. Option (1) is correct.**

*Explanation:* According to give case, NCAP is implemented in order to ensure clear air in an economy.