

Time allowed: 45 minutes

Maximum Marks: 200

General Instructions: Same as Practice Paper-1.

## SECTION-A: INTRODUCTORY MICROECONOMICS

Choose the correct option:

- Which of the following statements is true?
 

(a) Human wants are unlimited	(b) Resources are limited
(c) Problem of scarcity gives birth to choice	(d) All of these
- When slope of demand curve is zero, elasticity of demand will be:
 

(a) zero	(b) one
(c) infinity	(d) greater than one
- Distribution of income is a determinant of:
 

(a) individual demand function	(b) market demand function
(c) both (a) and (b)	(d) none of these
- Shift in demand curve occurs when demand for a commodity changes due to change in:
 

(a) own price of the commodity	(b) determinants of demand, other than own price of the commodity
(c) both (a) and (b)	(d) none of these
- Total utility increases at a decreasing rate when marginal utility:
 

(a) decreases positively	(b) increases	(c) stays constant	(d) becomes negative
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- At the point of saturation (satiety), total utility becomes \_\_\_\_\_.
 

(a) minimum	(b) constant	(c) maximum	(d) negative
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- In the following question, two statements are given. Read the statements carefully and choose the correct alternative among those given below:
 

**Statement 1** : Economic problem and scarcity of resources are not related to each other.

**Statement 2** : If there were no choices to be made with respect to resource allocation, economics would not have existed.

**Alternatives:**

(a) Both the statements are true
(b) Both the statements are false
(c) Statement 1 is true and Statement 2 is false
(d) Statement 2 is true and Statement 1 is false

8. In the following question, a statement of Assertion (A) is followed by a statement of Reason (R). Choose the correct alternative among those given below:

**Assertion (A) :** Problem of choice is the basic economic problem.

**Reason (R) :** Economic problem arises only because of unlimited wants.

**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

9. Match the concepts given in Column I with their respective explanation in Column II:

Column I	Column II
A. Consumer equilibrium	(i) When consumption of an additional unit leads to dissatisfaction
B. TU	(ii) $\frac{MU_X}{P_X} = \frac{MU_Y}{P_Y} = MU_M$
C. MU curve	(iii) Slopes downwards from left to right
D. Negative MU	(iv) $\Sigma MU$

**Alternatives:**

- (a) A—(iv), B—(iii), C—(i), D—(ii)                      (b) A—(ii), B—(iv), C—(iii), D—(i)  
 (c) A—(iii), B—(i), C—(iv), D—(ii)                      (d) A—(ii), B—(iii), C—(iv), D—(i)

10.

Price (₹)	Demand (Units)
10	5
5	8

On the basis of the above-mentioned information answer the following question:

The change in quantity demanded owing to change in price as shown in the table above is called:

- (a) increase in demand                      (b) decrease in demand  
 (c) extension of demand                      (d) contraction of demand

## SECTION-B: INTRODUCTORY MACROECONOMICS

Choose the correct option:

11. General equilibrium relates to: \_\_\_\_\_ .  
 (a) microeconomics                      (b) macroeconomics                      (c) both (a) and (b)                      (d) none of these
12. Which of the following is included in the estimation of national income?  
 (a) Expenses on electricity by a factory                      (b) Gifts from abroad  
 (c) Purchases by government                      (d) Financial help to earthquake victims
13. Factor payment received by the households for rendering their services as employees of the producing units is called:  
 (a) compensation of employees                      (b) rent  
 (c) interest                      (d) profit
14. Which of the following is an example of normal residents of India?  
 (a) Foreign worker working in WHO located in India  
 (b) The German working as Director in IMF office located in India  
 (c) Ambassador in India from rest of the world  
 (d) Ambassador for India in rest of the world

15. If wages in cash = ₹ 42,000, employees' contribution to social security schemes = ₹ 8,000, employers' contribution to social security schemes = ₹ 12,000 and subsidies = ₹ 1,000 then compensation of employees will be:  
 (a) ₹ 54,000 (b) ₹ 55,000  
 (c) ₹ 62,000 (d) ₹ 63,000
16. Undistributed profit is that part of profit:  
 (a) which is distributed among the shareholders  
 (b) which is paid to the government by way of profit tax  
 (c) which is retained by the firms for future use particularly to meet some contingent expenses  
 (d) none of these
17. AD curve:  
 (a) is a diagrammatic presentation of AD schedule  
 (b) shows desired expenditure corresponding to different levels of income in the economy  
 (c) indicates ex-post demand in the economy  
 (d) both (a) and (b)
18. Ex-post investment refers to:  
 (a) actual investment in the economy during the period of one year  
 (b) desired investment during the period of one year  
 (c) planned investment during the period of one year  
 (d) none of these
19. In a situation of deflationary gap:  
 (a) demand decreases rapidly (b) supply decreases rapidly  
 (c) both demand and supply are equal (d) none of these
20. Deficient demand is a situation in which aggregate demand, corresponding to full employment in the economy, is \_\_\_\_\_.  
 (a) more than AS (b) less than AS (c) equal to AS (d) none of these
21. Term deposits are those:  
 (a) against which no cheque can be issued (b) against which no interest is paid to the depositors  
 (c) which are fixed deposits (d) both (a) and (c)
22. The government budget has a revenue deficit. This gets financed by:  
 (a) indirect taxes and borrowing (b) tax revenue and borrowing  
 (c) borrowing and disinvestment (d) tax revenue and indirect taxes
23. Invisibles are included in the:  
 (a) balance of trade account BoP (b) current account BoP  
 (c) capital account BoP (d) none of these

*In the following questions, two statements are given. Read the statements carefully and choose the correct alternative among those given below:*

**Alternatives:**

- (a) Both the statements are true  
 (b) Both the statements are false  
 (c) Statement 1 is true and Statement 2 is false  
 (d) Statement 2 is true and Statement 1 is false
24. **Statement 1** : Supply of money does not include stock of money held by the government.  
**Statement 2** : Net demand deposits are not a part of money supply.
25. **Statement 1** : Plan expenditure includes both revenue expenditure and capital expenditure.  
**Statement 2** : Revenue budget impacts asset-liability status of the government.

In the following questions, a statement of Assertion (A) is followed by a statement of Reason (R). Choose the correct alternative among those given below:

**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

26. **Assertion (A):** The central bank is an apex bank of the entire banking system of a country.

**Reason (R):** All banks are to work according to the guidelines and directives of the central bank.

27. **Assertion (A):** Less rupees are needed to buy one US\$ in case domestic currency appreciates.

**Reason (R):** Appreciation of domestic currency is caused due to decrease in supply of foreign exchange.

28. **Assertion (A):** A surplus in current account does not always imply a surplus in BoP.

**Reason (R):** Balance of Payment includes both current account and capital account.

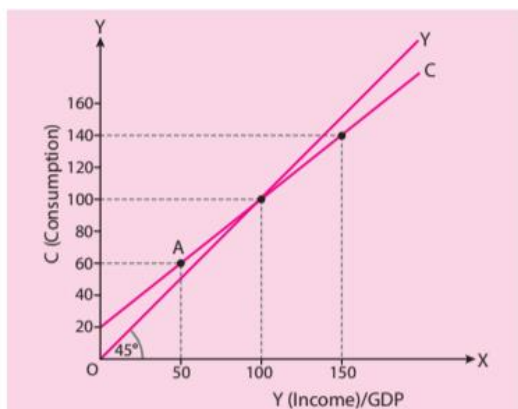
29. From the following given sets of statements in column I and II, choose the correct pair of statements:

Column I	Column II
A. Subsidy	(i) Financial assistance provided by government
B. Capital budget	(ii) Does not impact asset-liability status of the government
C. Income tax	(iii) An indirect tax
D. Budget deficit	(iv) Total expenditure – Revenue receipts

**Alternatives:**

- (a) A—(i)
- (b) B—(ii)
- (c) C—(iii)
- (d) D—(iv)

30.



On the basis of the above diagram, answer the following question:

What is the value of APC at point A?

- (a) One
- (b) Infinity
- (c) Greater than one
- (d) Less than one

## SECTION-C: INDIAN ECONOMIC DEVELOPMENT

Choose the correct option:

31. \_\_\_\_\_ reforms were launched to resolve BoP crisis in the country.

- (a) Industrial sector
- (b) Financial sector
- (c) Foreign exchange
- (d) Tax

32. Planning Commission was established under the chairmanship of:

- (a) Prof. Mahalanobis
- (b) Dr. V.K.R.V. Rao
- (c) Pandit Jawaharlal Nehru
- (d) None of these



- 33. During colonial period, India's demographic profile showed:**  
 (a) high birth rate (b) high death rate  
 (c) high infant mortality rate (d) all of these
- 34. Which of the following is the principal factor contributing to water pollution in India?**  
 (a) Agricultural run-off into streams and rivers (b) Discharge from thermal power houses  
 (c) Streaming of industrial waste into rivers (d) All of these
- 35. Sanitation infrastructure includes \_\_\_\_\_.**  
 (a) availability of clean surroundings at place of work and place of residence  
 (b) creating awareness of sanitation amongst masses  
 (c) both (a) and (b)  
 (d) none of these
- 36. Amongst women, the percentage of wage-employment is a bit higher owing to \_\_\_\_\_.**  
 (a) low level of education (b) high compulsion for jobs  
 (c) readiness to work at a lower wage rate (d) all of these
- 37. Why is self-employment higher in rural areas in comparison to urban areas?**  
 (a) In urban areas, people look for skilled jobs in offices and factories.  
 (b) Family farms are the most attractive means of employment in rural areas.  
 (c) Non-farm job opportunities are limited in rural areas  
 (d) All of these
- 38. Which of the following is a shortcoming of agricultural marketing system?**  
 (a) Forced sales (b) Lack of credit facilities  
 (c) Inadequate market information (d) All of these
- 39. Expenditure on preventive medicine means expenditure on:**  
 (a) medical intervention during illness (b) vaccination  
 (c) spread of health literacy (d) both (a) and (b)
- 40. Poverty is a reflection of:**  
 (a) high GDP (b) unemployment (c) illiteracy (d) none of these
- 41. \_\_\_\_\_ was the first to discuss the concept of poverty line in pre-independence India.**  
 (a) V.K.R.V. Rao (b) William Digby (c) Findlay Shirras (d) Dadabhai Naoroji
- 42. Which of the following is not an example of a regional or global economic grouping?**  
 (a) SAARC (b) EU (c) ASEAN (d) None of these
- 43. Which of the following is a reason for the slowdown of economic growth in Pakistan?**  
 (a) Shrinking of domestic investment as well as FDI (b) Corruption and political instability  
 (c) Both (a) and (b) (d) None of these

*In the following questions, two statements are given. Read the statements carefully and choose the correct alternative among those given below:*

**Alternatives:**

- (a) Both the statements are true  
 (b) Both the statements are false  
 (c) Statement 1 is true and Statement 2 is false  
 (d) Statement 2 is true and Statement 1 is false
- 44. Statement 1 :** Planning Commission was an institution responsible for formulating India's Five Year Plans, among other functions.  
**Statement 2 :** The 12th Plan was formulated by the Planning Commission for the years 2012-2017.
- 45. Statement 1 :** Churning poor refer to those people who regularly move in and out of poverty.  
**Statement 2 :** Poverty gap index is a method used to determine poverty.

**In the following questions, a statement of Assertion (A) is followed by a statement of Reason (R). Choose the correct alternative among those given below:**

**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

**46. Assertion (A) :** Developing institutional sources of credit is the need of the hour.

**Reason (R) :** People of rural areas are in the clutches of moneylenders who charge exorbitant rate of interest.

**47. Assertion (A) :** Bulk of population of India is engaged in agriculture.

**Reason (R) :** There has been a remarkable shift in the number of people working in agricultural sector to other sectors.

**48. Assertion (A) :** Human capital is a means to an end.

**Reason (R) :** Human capital refers to the wider choices of life that an educated and healthy individual enjoys irrespective of the value addition made in the economy.

**49. Match the concepts given in Column I with their respective explanation in Column II:**

Column I	Column II
A. Institutional source of credit	(i) Moneylenders
B. NABARD	(ii) Central banking authority of the country
C. RBI	(iii) Apex agriculture finance institution
D. Non-institutional source of credit	(iv) Commercial banks

**Alternatives:**

(a) A—(iv), B—(iii), C—(ii), D—(i)

(b) A—(iii), B—(iv), C—(i), D—(ii)

(c) A—(i), B—(ii), C—(iii), D—(iv)

(d) A—(ii), B—(iv), C—(i), D—(iii)

**50.**

Indicators	Year			
	1991	2001	2011	2013
Population* (in millions)	846	1026	1210	NA
Sex ratio* (Females per 1,000 males)	927	933	940	NA
Child sex ratio 0-6 years (Girls per 1,000 boys)	945	927	914	NA
Percentage of adolescent population (10-19 years) to the total population*	21.2	22.8	21.2	NA
Percentage of young population (10-24 years) to the total population*	30.1	30.5	NA	NA
Life expectancy at birth in years**				
Male	58 (1990)	60 (2000)	64 (2011)	65
Female	59	63	67	68

**Source:** \*Compiled from Census of India 1991, 2001 and 2011 reports: <http://censusindia.gov.in/>

\*\*Population Reference Bureau, World Population Data Sheet (2013) and World Bank Estimates

**On the basis of the above-mentioned information answer the following question:**

**The total life expectancy of females (as per the given data) has increased by \_\_\_\_\_ (approximately) between 1990 and 2013.**

(a) 15%

(b) 10%

(c) 9%

(d) 8%



# Answers

## PRACTICE PAPER – 12

- |         |         |         |         |         |         |         |
|---------|---------|---------|---------|---------|---------|---------|
| 1. (d)  | 2. (c)  | 3. (b)  | 4. (b)  | 5. (a)  | 6. (c)  | 7. (d)  |
| 8. (c)  | 9. (b)  | 10. (c) | 11. (b) | 12. (c) | 13. (a) | 14. (d) |
| 15. (a) | 16. (c) | 17. (d) | 18. (a) | 19. (a) | 20. (b) | 21. (d) |
| 22. (c) | 23. (b) | 24. (c) | 25. (c) | 26. (a) | 27. (c) | 28. (a) |
| 29. (a) | 30. (c) | 31. (c) | 32. (c) | 33. (d) | 34. (d) | 35. (c) |
| 36. (d) | 37. (d) | 38. (d) | 39. (b) | 40. (b) | 41. (d) | 42. (d) |
| 43. (c) | 44. (a) | 45. (a) | 46. (a) | 47. (c) | 48. (c) | 49. (a) |
| 50. (a) |         |         |         |         |         |         |