

PRACTICE PAPER

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 is not an example of microeconomics?
 - Saving of an individual
 - Consumption of a household
 - Price level of a firm
 - Aggregate demand of an economy
- The addition made to the utility of a commodity by the consumption of one more unit of that commodity is called _____.
 - total utility
 - average utility
 - marginal utility
 - none of these
- Change in quantity demanded of a commodity due to change in real income of the consumer caused by change in own price of the commodity is called _____.
 - cross price effect
 - price effect
 - income effect
 - substitution effect
- If due to fall in the price of Good-X, demand for Good-Y rises, the two goods are _____.
 - substitutes
 - complements
 - not related
 - competitive
- In case of $E_d < 1$, demand for the commodity is _____.
 - inelastic
 - elastic
 - perfectly inelastic
 - perfectly elastic
- When the price of a commodity is ₹ 10 per unit, its quantity demanded is 800 units. When its price rises by ₹ 4 per unit, its quantity demanded falls by 20 per cent. In this case, elasticity of demand is:
 - zero
 - unity
 - more than unity
 - less than unity
- In the following question, two statements are given. Read the statements carefully and choose the correct alternative among those given below:
Statement 1 : Food packets distributed for free to COVID-19 patients is not a scarce commodity.
Statement 2 : A good that is available at zero price can never be considered a scarce commodity.
Alternatives:
 - Both the statements are true
 - Both the statements are false
 - Statement 1 is true and Statement 2 is false
 - 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) : When a rise in the income of the consumer leads to a fall in demand for Good-X, Good-X must be an inferior good.

Reason (R) : An inferior good is that good the consumption of which decreases with increase in income of the consumer.

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

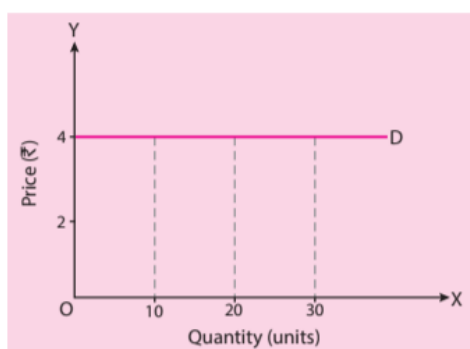
9. From the following given sets of statements in column I and II, choose the correct pair of statements:

Column I	Column II
A. Aggregate demand	(i) Studied in microeconomics
B. Value judgement	(ii) Macroeconomics
C. Market economy	(iii) Consumer is not sovereign
D. Essence of economics	(iv) Scarcity and choice

Alternatives:

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

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On the basis of the above diagram, identify the elasticity of demand?

- (a) Zero
- (b) One
- (c) Infinity
- (d) None of these

SECTION-B: INTRODUCTORY MACROECONOMICS

Choose the correct option:

11. Study of macroeconomics is concerned with:

- (a) theory of demand
- (b) determination of aggregate output
- (c) general price level
- (d) both (b) and (c)

12. Retirement pension is:

- (a) a kind of transfer payment
- (b) a kind of corporate tax
- (c) a kind of deferred wage
- (d) none of these

13. Net Indirect Taxes =

- (a) Indirect taxes + Subsidies
- (b) Direct taxes + Subsidies
- (c) Indirect taxes – Subsidies
- (d) Direct taxes – Subsidies

- 14. Domestic income of a country includes:**
 (a) factor incomes of only the residents working within the domestic territory of a country
 (b) factor incomes of only the non-residents working within the domestic territory of a country
 (c) factor incomes of only the residents working within the domestic territories of other countries
 (d) factor incomes of both the residents and non-residents working within the domestic territory of a country
- 15. If interest = ₹ 500 crore, royalty = ₹ 100 crore, profits = ₹ 800 crore, rent = ₹ 700 crore, indirect tax = ₹ 200 crore, what will be the value of opening surplus?**
 (a) ₹ 1,800 crore (b) ₹ 2,000 crore (c) ₹ 2,100 crore (d) ₹ 2,300 crore
- 16. If interest = ₹ 90 lakh, dividends = ₹ 20 lakh, rent = ₹ 100 lakh, corporate tax = ₹ 30 lakh and undistributed profits = ₹ 10 lakh, then operating surplus will be:**
 (a) ₹ 190 lakh (b) ₹ 200 lakh (c) ₹ 230 lakh (d) ₹ 250 lakh
- 17. Minimum level of consumption refers to:**
 (a) dependent consumption (b) independent consumption
 (c) autonomous consumption (d) both (b) and (c)
- 18. Investment multiplier is the ratio between:**
 (a) income and investment (b) investment and income
 (c) change in income and change in investment (d) change in investment and change in income
- 19. Investment which changes with change in the level of income in the economy is called:**
 (a) autonomous investment (b) induced investment
 (c) independent investment (d) both (a) and (c)
- 20. Which of the following is not a quantitative measure of monetary policy?**
 (a) Bank rate (b) Open market operations
 (c) Both (a) and (b) (d) Public debt
- 21. Which of the following is correct?**
 (a) Supply of money is a stock concept
 (b) Supply of money does not include stock of money held by the government
 (c) Supply of money does not include stock of money held by the banking system of a country
 (d) All of these
- 22. Revaluation of the domestic currency occurs when:**
 (a) value of the domestic currency rises in the international money market, owing to supply-demand forces
 (b) value of the domestic currency is deliberately raised by the government by lowering the exchange rate
 (c) market forces of demand and supply become redundant
 (d) both (b) and (c)
- 23. Current account BoP records:**
 (a) export and import of goods (b) export and import of services
 (c) current transfers (d) all 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 :** Both primary and secondary deposits are demand deposits.
Statement 2 : Both primary and secondary deposits can be withdrawn on demand by writing cheques.

- 25. Statement 1** : Discovery of more and more resources along with development of innovative technology leads to increase in GDP.
- Statement 2** : A consistent increase in GDP leads to a consistent increase in the flow of goods and services in the economy over a long period of time.

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) :** Commodity value of a five rupee coin in India is more than its money value.

Reason (R) : Fiat money is that money which is issued by order of the government.

- 27. Assertion (A):** Revenue deficit includes revenue receipts and revenue expenditure.

Reason (R) : Fiscal deficit is measured in terms of disinvestment.

- 28. Assertion (A):** Revenue receipts do not lead to rise in liability or fall in assets.

Reason (R): Revenue expenditure does not reduce liabilities of the government.

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

Column I	Column II
A. Full employment equilibrium	(i) A situation of zero unemployment in the economy
B. Voluntary unemployment	(ii) No excess capacity in the economy
C. Problem of underemployment	(iii) $AD < AS$
D. Problem of excess demand	(iv) $AS > AD$

Alternatives:

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

- 30.

$$\text{Overall Balance} = \text{Current Account Balance} + \text{Capital Account Balance} + \text{_____}$$

On the basis of the above chart answer the following question:

Choose the correct alternative to be filled in given blank.

- (a) Visible balance (b) Errors and Omissions
(c) Invisible account balance (d) None of these

SECTION-C: INDIAN ECONOMIC DEVELOPMENT

Choose the correct option:

31. Occupational structure refers to the distribution of _____ across primary, secondary and tertiary sectors of the economy.

- (a) labour force (b) population (c) working population (d) none of these

32. Estimation of national income by _____ is considered most significant.

- (a) Dadabhai Naoroji (b) William Digby (c) V.K.R.V. Rao (d) R.C. Desai

- 33.** Land reforms are known as:

- (a) technical reforms (b) institutional reforms (c) economic reforms (d) none of these

- 34.** The Government of India had set up the Central Pollution Control Board in _____.

- (a) 1964 (b) 1974 (c) 1982 (d) 1992

35. Which of the following is a component of the Indian System of Medicine?
 (a) Adenopathy (b) Allopathy (c) Naturopathy (d) None of these
36. The letter A in 'AYUSH' (an acronym used to represent the ISM) stands for _____.
 (a) Ayurveda (b) Allopathic (c) Ayushmaan (d) None of these
37. Which of the following is not true about the health profile (2016-18) of India?
 (a) It has high out of pocket expenditure on health
 (b) Government expenditure on healthcare is extremely low
 (c) Birth by skilled attendants as a percentage of total births is highest in India
 (d) None of these
38. Proportion of casual workers is higher in rural areas in comparison to urban areas as _____.
 (a) agriculture being seasonal in nature generates need for workers only during sowing and harvesting
 (b) it is sustainable in nature
 (c) it requires skill and expertise
 (d) none of these
39. _____ raises income as well as stabilises it.
 (a) Diversification of crop production (b) Diversification of production activity
 (c) Agricultural marketing (d) None of these
40. _____ category includes both 'always poor' and 'usually poor'.
 (a) Churning poor (b) Chronically poor (c) Occasionally poor (d) Transient poor
41. Which of the following countries has the least urbanised population?
 (a) India (b) China (c) Pakistan (d) None of these
42. Which of the following economy introduced economic reforms in 1988?
 (a) India (b) China (c) Pakistan (d) Both (a) and (b)
43. In the year 2018, HDI for India was estimated to be _____.
 (a) 0.758 (b) 0.759 (c) 0.647 (d) 0.560

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** : It is easier to obtain institutional credit than non-institutional credit.
Statement 2 : Institutional credit involves a lot of banking formalities.
45. **Statement 1** : Gender bias in India is a hindrance in the process of skill formation.
Statement 2 : Benefits of education always exceed the cost of education.

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:

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 (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)** : Equal distribution and equitable distribution both are the same things.
Reason (R) : GDP growth is a common goal of Five Year Plans in India.
47. **Assertion (A)** : Prashant Chandra Mahalanobis is called the architect of Indian Planning.
Reason (R) : Planning in India was closely linked to the choice of economic system in India.

48. **Assertion (A):** Animal husbandry is an important area of employment in India different from crop farming.

Reason (R): Our livestock population is the largest and the best kept in the world.

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

Column I	Column II
A. Relative poverty	(i) A cause of poverty
B. Chronic unemployment	(ii) 1995
C. Urban poor	(iii) Poverty across different classes, regions, or countries
D. Mid-day Meal Scheme	(iv) Migrants from the rural areas

Alternatives:

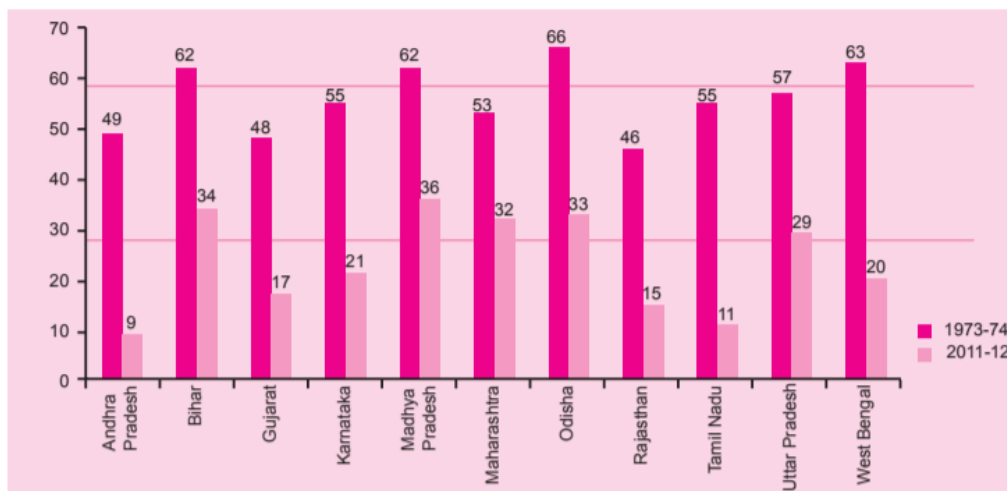
(a) A—(iv), B—(iii), C—(i), D— (ii)

(b) A—(ii), B—(iv), C—(i), D— (iii)

(c) A—(i), B—(iii), C—(iv), D— (ii)

(d) A—(iii), B—(i), C—(iv), D— (ii)

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Note: For the year 1973, Uttar Pradesh includes the present Uttarakhand; Madhya Pradesh includes Chhattisgarh and Bihar includes Jharkhand.

Figure showing Population below poverty line in some large states, 1973-2012 (%)

On the basis of the given bar diagram, identify the states which are able to reduce the poverty level as compared to other states between 1973-2012.

(a) Tamil Nadu, Gujarat, Bihar, Andhra Pradesh

(b) Bihar, Madhya Pradesh, West Bengal and Odisha

(c) Rajasthan, Madhya Pradesh, Bihar and Uttar Pradesh

(d) Andhra Pradesh, Rajasthan, West Bengal and Tamil Nadu



Answers

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