

GENERAL INSTRUCTIONS:

- i. This question paper contains two sections:
Section A – Macro Economics
Section B – Indian Economic Development
- ii. This paper contains 20 Multiple Choice Questions of 1 mark each.
- iii. This paper contains 4 short answer type questions of 3 marks each to be answered in 60 to 80 words.
- iv. This paper contains 6 short answer type questions of 4 marks each to be answered in 80-100 words.
- v. This paper contains 4 long answer type questions of 6 marks each to be answered in 100 to 150 words.

SECTION A – MACRO-ECONOMICS

1. Which of the following will lead to an appreciation of domestic currency? 1

P: Increased demand for foreign exchange
Q: decreased demand for foreign exchange
R: increased supply of foreign exchange
S: decreased supply of foreign exchange
(A): P and R (B): P and S
(C): Q and R (D): Q and S

2. Read the below figure carefully and choose the correct option given below which will come in the place of (i) in the given figure: 1

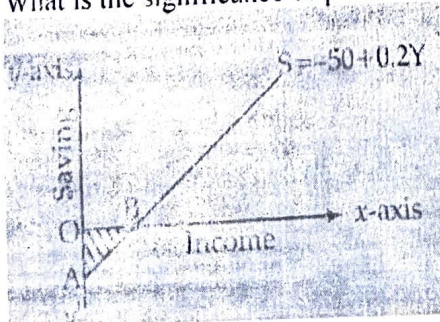


- (A) Saving
(B) Expenditure
(C) Consumption
(D) None of these

3. Suppose in an economy, the initial deposits of ₹200 crores lead to the creation of total deposits worth ₹2000 crores. Under the given situation, the value of reserve requirements would be ---- 1

- (A) 0.01 (B) 1 (C) 0.1 (D) 0.4

4. What is the significance of point B? 1



P: consumption is positive

Q: savings is zero

R: savings is negative

S: consumption is negative

Select the correct alternative:

- (A) P and Q
- (B) Q and R
- (C) Q and S
- (D) P and R

5. Assuming that, the following data is given for an imaginary economy:

Items	Year	2020 (₹ in Cr.)	2021 (₹ in Cr.)
Exports of visibles		1,000	1,100
Imports of visibles		800	850

The balance of trade from 2020 to 2021 -----by ----- crores.

- (A) Increased, 200
- (B) decreased, 200
- (C) increased, 50
- (D) decreased, 50

6. If National Income is 250 crore and Savings is 80 crores, the value of Average Propensity to Consume will be -----

- (A) 0.68
- (B) 0.75
- (C) 0.57
- (D) 0.80

7. Primary deficit in a government budget will be zero, when ----

- (A) Revenue deficit is zero
- (B) Net interest payments are zero
- (C) Fiscal deficit is zero
- (D) Fiscal deficit is equal to interest payment

8. "Under 'Zero Defect, Zero Effect' (ZED) scheme, the government of India provides up to 80% subsidy to Mini, Small and Medium Enterprises (MSMEs)".

Identify the objective of government budget, highlighted in the above text.

- (A) Reallocation of resources
- (B) Maintaining economic stability
- (C) Redistribution of income
- (D) Management of Public enterprises

9. Which of the following statements is correct with respect to the correction of Excess Demand?

- (A) Government reduces the taxes.
- (B) Government reduces its expenditure.
- (C) The Central Bank reduces bank rates.
- (D) The Central Bank buy securities from the Open market

10. If in an economy, the Investment Multiplier is 4 and Autonomous Consumption is ₹30 crore, the relevant consumption function would be

- (A) $C = 30 + 0.75 Y$
- (B) $C = (-) 30 + 0.25 Y$
- (C) $C = 30 + 0.25 Y$
- (D) $C = (-) 30 - 0.25 Y$

11.



Read the above figure carefully and identify the policy shown in the image:

Alternatives:

- (A) Monetary policy (B) Fiscal policy
(C) Both (A) and (B) (D) None of these

12. If increase in National Income is equal to increase in Savings, the value of Marginal propensity to Consume would be -----

- (A) equal to unity (B) less than one
(C) greater than one (D) equal to zero

13. "In the Annual Budget 2022-23, the Government of India set up disinvestment targets of ₹65,000 crore".

Such proceeds from disinvestment can be classified as -----receipts in the Government Budget as it -----of the Government.

- (A) capital; decrease in assets
(B) revenue; increase in assets
(C) capital; increase in liabilities
(D) revenue; decrease in liabilities

14. Read the following text carefully, discuss briefly the relevant function of the Central Bank indicated:

Recently, Reserve Bank of India (RBI) conducted a statutory inspection for supervisory evaluation against a Commercial Bank. The commercial bank was imposed with stringent penalties, owing to deficiencies in regulatory compliances. As per the Central Bank, the inspection revealed non-compliances vis-à-vis different directions issued by RBI, on the following fronts:

- (i) ATM Card frauds
(ii) Ensuring integrity and quality of data
(iii) Loans to small borrowers

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OR

Explain the working of the credit multiplier with a suitable numerical example.

15. "Recently Indian Rupee has depreciated significantly. This has led to distress for Indian importers". Defend or refute the given statement with valid reasons.

16. In an economy, Ex-ante Aggregate Demand is more than ex-ante Aggregate Supply'. Elaborate the possible impact of the same, on the level of output, income and employment.

✓ 17. Distinguish between Autonomous transactions and Accommodating transactions.

4

OR

State, giving valid reasons, whether the following statements are true or false:

(i) Current account in Balance of Payments records only the exports and imports of goods and services.

(ii) Borrowings from abroad are recorded in the Capital Account of the Balance of Payments on the debit side. (✓) ✓

↳ CR side

4

S. No.	Particulars	Amount in (₹ Crores)
(i)	Autonomous Consumption and Investment Expenditure (A')	700 crores
(ii)	Marginal Propensity to Consume (MPC)	0.8
(iii)	National Income	4,000 crores

Given the following information, state whether the economy is in equilibrium or not.

✓ 19. Justify the following statements with valid arguments:

3+3=6

(a) The Central Bank is the sole currency issuing authority of an economy.

(b) The Central Bank acts as 'Government's Bank' in an economy.

✓ 20. For two hypothetical economies A and B, the value of Marginal Propensity to Consume (MPC) stands at 0.6 and 0.8, respectively. Assuming for both the economies, Autonomous Consumption (C) to be ₹40 crore and Investment Expenditure (I) to be 100 crores.

3+3=6

Calculate:

(I) Breakeven level of income for Economy A.

(II) Equilibrium level of income for Economy B.

6

S. No.	Items	Budget Expenditure 2020-21 (percentage of GDP)
(i)	Revenue Receipts	20.21
(ii)	Gross Tax Receipts	24.23
(iii)	Net Tax Receipts	16.36
(iv)	Non-Tax Receipts	3.85
(v)	Non-debt Capital Receipts	2.25
(vi)	Non-debt Receipts	22.46
(vii)	Total Expenditure	30.42
(viii)	Revenue Expenditure	26.30
(ix)	Capital expenditure	4.12

✓ 21.

(i). Identify the value of fiscal deficit:

- (A) 6.09
- (B) 7.96
- (C) 3.85
- (D) 4.12

(ii) If primary deficit is 0.88, the value of interest payment would be -----

- (A) 7.96
- (B) 7.08
- (C) 4.12
- (D) 3.85

(iii) Revenue deficit in the government budget is -----

- (A) Fiscal deficit + Interest Payments
- (B) Total Expenditure - Total Receipts *
- (C) Total Receipts - Total Expenditure
- (D) Revenue Expenditure - Revenue Receipts

(iv) Which of the following is a non-tax receipt?

- (A) Gift tax
- (B) Sales tax
- (C) Dividend
- (D) Excise duty *

(V) Expenditure on old-age pensions is an example of -----expenditure.

- (A) capital
- (B) revenue *
- (C) debt creating
- (D) asset creation

(vi) -----is/are debt creating capital receipts for the Government.

- (A) Recovery of loans from state governments
- (B) Sale of public sector undertakings
- (C) Borrowings from World Bank *
- (D) Partial sale of government shares in a company

SECTION B- INDIAN ECONOMIC DEVELOPMENT

Employed	1,80,000
Frictionally unemployed	10,000
Structurally unemployed	5,000
Cyclically unemployed	5,000
Not in the labour force	1,00,000

On the basis of the above-mentioned information answer the following question: The number of labour force in country X is

-
- (A) 1,80,000
 - (B) 1,90,000
 - (C) 1,95,000
 - (D) 2,00,000

23. Read the following statements carefully:

Statement 1: Human capital formation gives birth to innovative skill which leads to innovations, inventions and technical improvements.

Statement 2: Human capital formation increases productivity of physical capital.

In light of the given statements, choose the correct option from the following:

- (A) Statement 1 is true and Statement 2 is false
- (B) Statement 1 is false and Statement 2 is true
- (C) Both Statements 1 and 2 are true
- (D) Both Statements 1 and 2 are false

24. Use of wood as a household fuel is an example of -----

- (A) overuse
- (B) underuse
- (C) misuse
- (D) none of these

25. Which of the following is the strategy of sustainable development?

- (A) Solar power through photovoltaic cells
- (B) CNG in urban areas
- (C) Traditional knowledge and practices
- (D) All of these

26. Read the following statements-Assertion (A) and Reason (R). Choose the correct option from those given below:

Assertion (A): Reduction in poverty leads to environmental degradation.

Reason (R): Misuse of resources or diversion of resources into wrong use is the outcome of poverty.

Options:

- (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, but Reason (R) is not the correct explanation of Assertion (A)
- (C) Assertion (A) is true, but Reason is false
- (D) Assertion (A) is false, but Reason(R) is true

27. **Statement 1:** As per National Sample Survey Organisation (NSSO), unemployment is a situation in which all those who, owing to lack of work, are not working, but seeking work from prospective employers, expressed their willingness to work under the prevailing condition of work and remuneration.

Statement 2: Disguised unemployment is generally a massive problem in the highly populated country like India.

In the light of the given statements, choose the correct alternative from the following:

- (A) Statement 1 is true, and statement 2 is false.
- (B) Statement 1 is false, and statement 2 is true.
- (C) Both Statement 1 and 2 are true.
- (D) Both Statement 1 and 2 are false.

28. Study the given table. Choose the given option that gives a correct analysis based on the data:

Educational Attainment in India					
Sr No	Particulars	1990	2000	2011	2017-18
1. Adult Literacy Rate (per cent of people ages 15+)					
	1.1 Male	61.9	68.4	79	82
	1.2 Female	37.9	45.4	59	66
2. Primary completion rate (per cent of relevant age group)					
	2.1 Male	78	55	92	93
	2.2 Female	51	69	94	96
3. Youth Literacy Rate (per cent of people aged 15+ to 24)					
	3.1 Male	76.6	70.7	90	93
	3.2 Female	54.2	64.8	82	90

Alternatives:

- (A) Literacy rates of children, youths and adults have shown a decrease.
 (B) Among youths, males are substantially more illiterate than females.
 (C) The difference in literacy rates between males and females is narrowing.
 (D) Among youths, ~~males~~ ^{female} are substantially more illiterate than ~~females~~ ^{male}.

29. Explain absorptive capacity of the environment with the help of an example.

OR

"Recently Indians have drifted away from the traditional knowledge and practices and caused large scale damage to the environment."

Explain how, adopting the traditional practices can be helpful in achieving the objective of sustainable development?

30.

Trends in Employment Pattern (Sector-wise), 1972-2012 (in %)					
Sector	1972-73	1983	1993-94	1999-2000	2011-2012
Primary	74.3	68.6	64	50.4	48.9
Secondary	16.9	11.5	16	15.8	24.3
Services	14.8	16.9	20	23.8	26.8
Total	100.0	100.0	100.0	100.0	100.0

Analyse the trends in sectoral distribution of work force in India on the basis of the above data.

31. "Ravya was initially working as an office clerk in a firm. In the pursuit to attain, higher position and income, she attended a few on-the-job training sessions. These sessions contributed positively to her skills and expertise."
 Explain the impact of Ravya's decision on human capital formation.

32. (a) Elaborate any two reasons owing to which lesser number of women are found in regular salaried employment. *- Gender*

OR

"It is necessary to generate employment in the formal sector rather than the informal sector". Justify the given statement with valid arguments.

(b) Define worker-population ratio.

3+1=4

33. 'Under the Delhi Declaration, the G-20 nations pledged to reach global net zero emissions approximately by mid-century and to triple global renewable energy capacity by 2030'. Discuss briefly the rationale behind the commitment by G-20 nations in the direction of achieving sustainable development. 4

34. Read the following text carefully: 2x3=6

The National Education Policy (NEP) 2020, asserts that education is fundamental for achieving full human potential, providing universal access to quality education and leadership on the global stage in terms of economic growth, social justice and equality. Thus, it presents the best way forward for developing and optimising India's resources. To attain the goals of education, NEP 2020 unequivocally endorses a substantial increase in public investment in education by both the Central government and all State governments. This is considered extremely critical for achieving the high-quality and equitable public education system that is truly needed for India's future progress and growth. To achieve this, they need to increase the public investment in Education sector to reach 6% of GDP at the earliest. One of the primary goals of the schooling system must be to ensure that children are enrolled in and are attending school. As per the 75th round household survey by NSSO in 2017-18, the number of out of school children in the age group of 6 to 17 years is 3.22 crore. With a goal to achieve 100% Gross Enrolment Ratio in preschool to secondary level by 2030, it will be a top priority to bring these children back into the educational fold as early as possible, and to prevent further students from dropping out. For the same, two initiatives that will be undertaken are to provide:

- effective and sufficient infrastructure, so that all students have access to safe and engaging school education at all levels from pre-primary school to Grade 12.*
- regular trained teachers at each stage, special care shall be taken to ensure that no school remains deficient on infrastructure support.*

Source: https://www.education.gov.in/sites/upload_files/mhrd/files/NEP_Final_English.pdf (adapted and modified)

On the basis of the given text and common understanding, answer the following questions:

- (I) "Education is considered fundamental for achieving full human potential". Justify the given statement with valid arguments.
- (II) Discuss the importance of increasing public expenditure in education.
- (III) State any two main initiatives that may be implemented to tackle school dropouts and avert additional students from leaving school.