

Previous Year Paper

10th June 2023 (Shift 3)

Q1. Arrange the following series of events related to China in order of their occurrence:

A. Structural Reforms
B. Great leap forward
C. Great proletarian cultural Revolution
D. Republic of China under one party rule
E. One-child norm policy

Choose the correct answer from the options given below:

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

Q2. Privatisation of the public sector enterprises by selling off the part of the equity of PSEs to the public is known as

(a) Demonetisation
(b) Disinvestment
(c) Liberalisation
(d) Privatisation

Q3. Sunil Kamar went to his bank to deposit ₹10,00,000. On acceptance of this deposit by the ICICI Bank, RBI asked the ICICI bank to keep ₹2,00,000 as reserves. The amount of ₹2,00,000 represents:

(a) Statutory Liquidity Ratio (SLR)
(b) Internal Rate of Return (IRR)
(c) Cash Reserve Ratio (CRR)
(d) Legal Requirements (IRR)

Q4. Tax imposition on goods leads to a proportionate rise in prices refers to which of the following concept:

(a) Progressive Effect
(b) Recessive Effect
(c) Proportionate Effect
(d) Cascading Effect

Q5. Investment which firms are planning to invest in an economy is known as:

(a) Ex-post Investment
(b) Ex-post Saving
(c) Ex-ante Investment
(d) Ex-ante Saving

Q6. The following statements are related to industries in India. Arrange them in order:

A. Foreign Direct Investment - Industries
B. British India - collapse of Indian industries
C. Government Industry - low Productivity
D. Industrial Policy - planning commission
E. Removal of Licensing - Disinvestment

Choose the correct answer from the options given below:

Q7. _____ are things a firm owns or what a firm can claim from other:

(a) Assets
(b) Liabilities
(c) Deposits
(d) Reserves

Q8. When percentage change in quantity demanded is less than the percentage change in price i.e., if the good is price inelastic, the expenditure on the good would _____?

Identify the correct option from the following:

(a) Change in opposite direction as the price change
(b) Change in same direction as the price change
(c) Change in reverse direction to income
(d) Remain unchanged

Q9. The government sector affects the personal disposable income of households by making transfers and collecting taxes'. The above statement refers to which objective of the government budget?

(a) Allocation function
(b) Redistribution function
(c) Stabilisation function
(d) Management of public enterprises

Q10. Match List-I with List-II:

List-I	List-II
(A) Price changes but no change in demand	(I) Perfectly elastic $e_p = \infty$
(B) Price remains same but demand changes	(II) Unit elastic $e_p = 1$
(C) Price and demand changes in same proportion	(III) More than elastic $e_p = < 1$
(D) Price changes in less proportion than Demand	(IV) Perfectly in elastic $e_p = 0$

Choose the correct answer from the options given below:

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

Q11. Sales of shares of an Indian Company to a French resident will be recorded in the balance of payments as a:

- (a) Credit item of the current account
- (b) Debit item of the current account
- (c) Debit item of the capital account
- (d) Credit item of the capital account

Q12. What is the maximum value of average propensity to save?

- (a) Unity
- (b) Zero
- (c) Less than Unity
- (d) More than Unity

Q13. Arrange the following events in their ascending order of occurrence:

- A. Global Warming
- B. Deforestation
- C. Increasing population
- D. Increase in greenhouse gases
- E. Increase in demand for fuel

Choose the correct answer from the options given below:

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

Q14. The foremost role of money is:

- (a) Unit of account
- (b) Measure of deferred payment
- (c) Medium of exchange
- (d) Store of value.

Q15. Identify the measures which can reduce morbidity.

- A. Sanitation
- B. Poor Education
- C. Unemployment
- D. Safe drinking water
- E. Nutritive Food

Choose the correct answer from the options given below:

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

Q16. Arrange the following in chronological order

- A. The Gold Standard
- B. The Bretton Woods System
- C. Special Drawing Rights (SDR)
- D. Flexible Exchange Rate

Choose the correct answer from the options given below:

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

Q17. Any point on PPC represents:

- (a) Optimum Utilisation of resources
- (b) Under-utilisation of resources
- (c) Over-full employment of resources
- (d) Unattainable Combination

Q18. Two important features of public goods are:

- (a) Plan and non-plan expenditure
- (b) Revenue and capital receipts
- (c) Excludable and rivalrous
- (d) Non-excludable and Non-rivalrous

Q19. At the time of Demonetisation, a new initiative by the Government of India to tackle the problem of corruption, blackmoney etc., the public were advised to deposit old currency notes with the RBI without declaration upto _____?

(Identify the correct option)

- (a) 8th November, 2016
- (b) 31st December, 2017
- (c) 31st March, 2017
- (d) 30th June, 2017

Q20. Demand is price inelastic for

- (a) Airplane tickets
- (b) Air conditioners
- (c) Gold and Jewellery
- (d) Lifesaving medicines

Q21. Chronologically arrange the following events:

- A. Incorporation of TISCO
- B. Opening of Suez Canal
- C. Introduction of Railways in India
- D. Establishment of Tata Airlines
- E. Opening of first railway bridge linking Bombay with Thane

Choose the correct answer from the options given below:

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

Q22. The main reason for stagnation in agriculture sector, during the British Rule was _____

- (a) Poor Technology
- (b) Zamindari System
- (c) Deindustrialisation
- (d) Commercialisation of agriculture

Q23. Which of the following is not an assumption of the production possibility frontier

- (a) Resources are fixed
- (b) Stock of technological knowledge keeps increasing
- (c) Resources are fully and efficiently employed
- (d) Stock of technological knowledge is given

Q24. A fictional bank has deposits equal to 5000 crores and reserves equal to 6000 crores. What is the net worth of this bank?

- (a) ₹11,000 crores
- (b) ₹5000 crores
- (c) (-) ₹1000 crores
- (d) ₹1000 crores

Q25. Institution which organises the free interaction of individuals pursuing their respective economic activities is called

- (a) Economic cycle
- (b) Market
- (c) Production
- (d) Scarcity

Q26. Calculate the value of revenue deficit, if tax revenue is ₹1000 crores, non-tax revenue is ₹500 crores, capital receipts are ₹2000 crore and revenue expenditure are ₹4000 crore.

- (a) ₹2,500 crores
- (b) ₹500 crores
- (c) ₹3,000 crores
- (d) ₹3,500 crores

Q27. Consider the following as a facts related to problems of excess demand deficit demand, their measures and propensity to consume.

- A. APC-0 when APS-1
- B. Margin requirement is one of the monetary tools.
- C. RBI will increase SLR in case of underemployment equilibrium.
- D. At Break Even Point, APC=Unity.
- E. Government reduces CRR to overcome the problems of deficient demand.

Choose the correct answer from the options given below:

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

Q28. When firms are taxed on a proportional basis, it is

- (a) Direct Tax
- (b) Income Tax
- (c) Indirect Tax
- (d) Progressive Tax

Q29. If all the increased income is consumed, then the value of MPS will be:

- (a) 0
- (b) 1
- (c) ∞
- (d) -1

Q30. Which of the following statements are true:

- A. WTO facilitate international trade by levying Tariff
- B. WTO facilitate international trade by owning cargo flight
- C. WTO facilitate international trade through removal of Tariff
- D. Developing countries feel cheated as WTO forced to open their market for developed countries
- E. Developing countries feel cheated as USA forced to sell their products.

Choose the correct answer from the options given below:

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

Q31. Match List-I with List-II:

	List-I		List-II
(A)	Transaction between resident and rest of the world	(I)	Budget
(B)	Revenue and Expenditure	(II)	Balance of trade
(C)	Export and Import	(III)	Foreign Exchange
(D)	Price of one currency in terms of another	(IV)	Balance of Payment

Choose the correct answer from the options given below:

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

Q32. The Law of demand may be defined as the one among the following. Choose the correct option.

- (a) Other things remain equal there is positive relation between demand of commodity and its price.
- (b) Other things changes there is equal relation between demand for a commodity and its price.
- (c) Other things remain equal there is a negative relation between demand for a commodity and its price.
- (d) Other things remain unchanged there is a equilibrium relation between demand for a commodity and its price.

Q33. Among the following which one is the correct expansion for HYV.

Choose the correct answer from the following.

- (a) "High Yielding Variety" of Seeds.
- (b) "Health Yojna Value" of Poor.
- (c) "Higher Yorn Variety" of Wool.
- (d) "Heavy Yojna Velocity" of Transport

Q34. Two commodities are perfect substitutes for the consumer and the indifference curve will be _____.

Fill in the blank with suitable answer from below:

- (a) Concave to the origin
- (b) Convex to the origin
- (c) Inverted parabola
- (d) Straight line

Q35. Match List-I with List-II:

List-I		List-II	
(A)	Ex-ante saving	(I)	Actual Saving
(B)	Ex-post consumption	(II)	Planned Consumption
(C)	Ex-ante consumption	(III)	Planned Saving
(D)	Ex-post saving	(IV)	Actual Consumption

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

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

Q36. Percentage of deposits which commercial bank must keep as cash reserves with Central Bank is:

- (a) Repo Rate
- (b) Cash Reserve Ratio
- (c) Bank Rate
- (d) Statutory Liquidity Rate

Q37. Identify the statements that will lead to an increase in demand for foreign exchange in the home country.

- A. Increase in exports by home country
- B. Increase in imports by home country
- C. Increase in purchase of financial assets abroad by residents of home country.
- D. People of home country want to send gifts abroad
- E. Foreigners send gifts to people of the home country

Choose the correct answer from the options given below:

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

Q38. Suppose a consumer can afford to buy 8 units of good X and 10 units of good Y. She spends her entire income. The prices of two goods are ₹7 and ₹9 respectively. The consumer's income is ₹_____

- (a) ₹142
- (b) ₹146.
- (c) ₹143
- (d) ₹145

Q39. Current account surplus arises when:

- (a) Receipts > Payments
- (b) Receipts = Payments
- (c) Receipts < Payments
- (d) Receipts \leq Payments

Q40. British India first collected population data through a census in _____

- (a) 1871
- (b) 1881
- (c) 1891
- (d) 1901

Direction for the question 41 to 45:

Read the following passage and answer question based on it:

Goods like food and clothing, and services like recreation that are consumed when purchased by their ultimate consumers are called consumption goods or consumer goods. This also includes services which are consumed but for convenience we may refer to them as consumer goods.

There are other goods that are of durable character which are used in the production process. These are tools, implements and machines. While they make production of other commodities feasible, they themselves don't get transformed in the production process. They are also final goods yet they are not final goods to be ultimately consumed. They are the crucial backbone of any production process, in aiding and enabling the production to take place. These goods form a part of capital, one of the crucial factors of production in which a productive enterprise has invested, and they continue to enable the production process to go on for continuous cycles of production. There are capital goods and they gradually undergo wear and tear and thus are repaired or gradually replaced over time. The stock of capital that an economy possesses is thus preserved, maintained and renewed partially or wholly over time.

Q41. Final goods consists of

- (a) Inferior goods and normal goods
- (b) Consumer goods and Intermediate goods
- (c) Capital goods and Intermediate goods
- (d) Consumer goods and Capital goods

Q42. Which of the following is not a final good?

- (a) Tea leaves purchased by the consumer
- (b) Purchase of machines by a firm
- (c) Tea leaves purchased by a restaurant
- (d) Vegetables bought by a consumer household

Q43. Identify the Stock variable/variables

- A. Income
- B. Output
- C. Capital
- D. Profits
- E. Money Supply

Choose the correct answer from the options given below:

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

Q44. A firm buys a machine for 55 lakhs. The expected life of the machine is ten years. The annual depreciation of the machine is:

- (a) ₹5 lakhs
- (b) ₹5.5 lakhs
- (c) ₹550 lakhs
- (d) ₹0.55 lakhs

Q45. Match List-I with List-II:

List-I	List-II
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(A)	NDP_{MP}	(I)	$C+I+G+X-M$
(B)	NNP_{FC}	(II)	$GDP_{MP}-NIT$
(C)	GDP_{FC}	(III)	$GDP_{MP}-$ Depreciation
(D)	GDP_{MP}	(IV)	$NNP_{MP}-Net$ Indirect taxes

Choose the correct answer from the options given below:

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

Direction for the question 46 to 50:

Read the following passage and answer question based on it:

Infrastructure sector is a key driver for the Indian economy, in fact, it is the backbone for the long-term success of every economy. This sector is highly responsible for propelling India's overall development and enjoys intense focus from government for initiating policies that would ensure time-bound creation of the world class infrastructure in the Indian Economy. Infrastructure sector includes Urban development, power, bridges, dams, roads etc. It is also important to develop rural infrastructure facilities as India has been a rural economy and by neglecting the infrastructure development in rural areas, the economy cannot sustain in long term.

The infrastructure can be divided into two categories Le. Economic and Social. During Covid-19, the Health Infrastructure has been improved in a significant manner. In order to meet India's aim of reaching a US \$5 Trillion economy by 2025 infrastructure development is a need of hour. The government has launched the National Infrastructure pipeline combined with other allied initiatives such as "Make in India" and the product linked incentive schemes to augment the growth of Infrastructure sector. Historically, more than 80% of the country's infrastructure spending has gone towards funding for transportation,

electricity, water and irrigations etc. Therefore, the infrastructure sector acts as a catalyst for Indian economic growth and development.

Q46. Identify the source which is not covered in economic infrastructure of an economy.

- (a) Energy
- (b) Health
- (c) Transportation
- (d) Communication

Q47. The Government of India has launched a mega project to boost up its infrastructure in order to meet a US \$5 Trillion Economy by 2025.

Identify the value of that project from the following

- (a) Product linked incentive scheme
- (b) Make in India
- (c) Aatam Nirbhar Bharat
- (d) National Infrastructure Pipeline (NIP)

Q48. Identify the Non-commercial source of energy from the following

- (a) Coal
- (b) Dried dung
- (c) Petroleum
- (d) Electricity

Q49. The Health Infrastructure of an economy cannot be assessed on the basis of?

- (a) Infant Mortality Rate
- (b) Nutrition Levels
- (c) Incidence of Communicable diseases
- (d) Literacy Rate

Q50. Identify the indicator which is not directly associated with the development of rural infrastructure of an Economy.

- (a) Improvement in Sex-Ratio in rural areas.
- (b) Electrification in village areas
- (c) Set-up of agriculture labs in rural areas
- (d) Construction of Delhi - Mumbai Industrial corridor

SOLUTIONS

S1. Ans. (c)

Sol. The correct order of the series of events related to China is:
 D. Republic of China under one party rule 1949
 B. Great Leap Forward 1958
 C. Great Proletarian Cultural Revolution 1966
 A. Structural Reforms 1978
 E. One-child norm policy 1979

S2. Ans. (b)

Sol. Disinvestment refers to the process of selling a portion of the government's equity or ownership in public sector enterprises to the public or other private entities. This is done to reduce government control and encourage private participation in these enterprises while raising funds for the government. It is a step towards privatization, where the government gradually reduces its stake in these companies.

S3. Ans. (c)

Sol. The amount of reserves that a bank is required to keep with the central bank, like the Reserve Bank of India (RBI), is known as the Cash Reserve Ratio (CRR). It is a certain percentage of a bank's deposits that must be held in cash or deposited with the central bank. This requirement ensures the stability and liquidity of the banking system and helps the central bank control money supply in the economy.

S4. Ans. (d)

Sol. The term "Cascading Effect" refers to the impact of a tax that is imposed at every stage of the production process, ultimately leading to higher overall prices for the end consumer. In a system with a cascading tax effect, the tax paid on one stage becomes a part of the cost of the good at the next stage, which is again taxed, thus leading to a "cascading" increase in the tax liability.
 For example, suppose a manufacturer pays a tax on raw materials, then the distributor pays another tax on the finished product, and finally, the retailer pays yet another tax when selling to consumers. In such a case, each tax along the way gets incorporated into the final cost of the good, making it more expensive for the end consumer.

S5. Ans. (c)

Sol. The investment that firms are planning to invest in an economy is known as ex-ante investment.
 Ex-ante investment is the planned or expected investment in an economy. It is based on the expectations of firms about future economic conditions, such as demand for goods and services, interest rates, and government policy.

S6. Ans. (c)

Sol. B. British India - collapse of Indian industries (1757-1947)
 D. Industrial Policy - planning commission (1950)

C. Government Industry - low Productivity (1956-1990)
 E. Removal of Licensing - Disinvestment (1991-present)

A. Foreign Direct Investment - Industries (Post 1991)

S7. Ans. (a)

Sol. Assets are resources owned by a business that can be used to produce economic value. Assets can include things like cash, real estate, inventory, and accounts receivable, among others. Essentially, assets are what a firm owns or can claim from others, making them valuable resources that contribute to the firm's financial health.

S8. Ans. (b)

Sol. When demand for a good is price inelastic, the percentage change in quantity demanded is less than the percentage change in price. In such a scenario, if the price of the good increases, total expenditure on the good also increases; if the price decreases, total expenditure also decreases.
 This is because the proportionate decrease in quantity demanded is less than the proportionate increase in price, and vice versa. Therefore, the expenditure (which is Price x Quantity) would change in the same direction as the price change.

S9. Ans. (b)

Sol. The statement "The government sector affects the personal disposable income of households by making transfers and collecting taxes" refers to the redistribution function of the government budget.
 The redistribution function of the government budget is concerned with the distribution of income and wealth in society. The government uses taxes and transfers to redistribute income from the rich to the poor. This can be done through progressive taxation, social welfare programs, and other policies.

S10. Ans. (a)

Sol. The correct match is:

List 1		List 2	
A.	Price changes but no change demand	IV.	Perfectly inelastic $e = 0$
B.	Price remains same but demand changes	I.	Perfectly elastic $e = \infty$
C.	Price and demand changes in same proportion	II.	Unit elastic $e = 1$
D.	Price changes in less proportion than Demand	III.	More than elastic $e > 1$

S11. Ans. (d)

Sol. The sale of shares of an Indian company to a French resident will be recorded in the balance of payments as a credit item of the capital account.

The balance of payments is a record of all economic transactions between a country and the rest of the world over a period of time. It is divided into two main accounts: the current account and the capital account.

S12. Ans. (c)

Sol. The Average Propensity to Save (APS) is calculated as the ratio of total savings (S) to total income (Y), or $APS = S/Y$. In a typical economic scenario, the maximum value for total savings cannot exceed total income because one cannot save more than what one earns. Therefore, the maximum value for APS would be less than unity (or less than 1).

S13. Ans. (a)

Sol. The correct ascending order of occurrence of the following events is:
C. Increasing population
E. Increase in demand for fuel
B. Deforestation
D. Increase in greenhouse gases
A. Global Warming

S14. Ans. (c)

Sol. The foremost role of money is to serve as a medium of exchange.
A medium of exchange is a substance or object that is generally accepted by people as payment for goods and services. Money allows people to buy and sell goods and services without having to barter. This makes it easier and more efficient to trade.

S15. Ans. (a)

Sol. Morbidity is the number of people who are sick or injured in a population at a given time. It is a measure of the health status of a population.
There are many different factors that can contribute to morbidity, including sanitation, poverty, education, and access to healthcare.

The following measures can help to reduce morbidity:

- Sanitation: Sanitation refers to the disposal of human waste and the provision of clean water. Poor sanitation can lead to the spread of diseases, such as diarrhea and cholera.
- Safe drinking water: Safe drinking water is essential for good health. Contaminated water can spread diseases such as typhoid and hepatitis A.
- Nutritious food: Nutritious food provides the body with the nutrients it needs to function properly. A lack of nutritious food can lead to malnutrition, which can weaken the immune system and make people more susceptible to disease.

S16. Ans. (a)

Sol. Here is the chronological order of these events with the corresponding years:
A. The Gold Standard - This system was in place in the 19th and early 20th centuries, with variations across countries. It reached its peak in the late 19th century.

B. The Bretton Woods System - Established in 1944 during the Bretton Woods Conference, it became fully operational in 1947.

C. Special Drawing Rights (SDR) - The International Monetary Fund (IMF) created the SDR in 1969 as a supplementary international reserve asset.

D. Flexible Exchange Rate - This system began to gain prominence in the early 1970s when the United States abandoned the gold standard in 1971.

S17. Ans. (a)

Sol. Optimum Utilisation of resources - This is the point where resources are fully and efficiently utilized to produce a combination of goods and services on the PPC. This point represents the highest level of output attainable with the given resources and technology.

S18. Ans. (d)

Sol. The two important features of public goods are non-excludable and non-rivalrous.
Non-excludable means that people cannot be prevented from consuming a public good, even if they do not pay for it. For example, everyone can benefit from national defense, whether or not they pay taxes.
Non-rivalrous means that the consumption of a public good by one person does not reduce the amount available for others to consume. For example, if one person watches a public fireworks display, it does not prevent others from watching it as well.

S19. Ans. (c)

Sol. Individuals were allowed to deposit their old ₹ 500 and ₹ 1000 notes in their bank accounts or exchange them for new currency notes at banks until 31st March 2017 without having to declare the source of the funds. This was part of the government's effort to encourage people to bring their old currency notes into the formal banking system in order to curb corruption, black money, and counterfeit currency. After this deadline, there were stricter rules and individuals depositing large amounts of old currency notes were required to provide explanations and documentation for the source of these funds.

S20. Ans. (d)

Sol. Demand for life-saving medicines is price inelastic. This means that people will continue to buy life-saving medicines even if the price increases.

S21. Ans. (d)

Sol. The correct chronological order of the following events is:
C. Introduction of Railways in India (1853)
E. Opening of first railway bridge linking Bombay with Thane (1854)
B. Incorporation of TISCO (1907)
A. Opening of Suez Canal (1869)
D. Establishment of Tata Airlines (1932)

S22. Ans. (b)

Sol. The main reason for stagnation in the agriculture sector during the British Rule was the Zamindari System.

The Zamindari System was a land revenue system introduced by the British in India in the late 18th century. Under this system, the zamindars were granted the right to collect land revenue from the peasants. The zamindars were also given the right to evict peasants who were unable to pay their rent.

The Zamindari System had a number of negative consequences for the agriculture sector. First, it led to the exploitation of the peasants by the zamindars. Second, it discouraged investment in agriculture, as the zamindars were more interested in collecting rent than in improving the productivity of the land. Third, it led to fragmentation of land holdings, as the zamindars often divided their land among their children and grandchildren.

The other options are also factors that contributed to the stagnation of the agriculture sector during the British Rule, but they were not the main reason

S23. Ans. (b)

Sol. The assumption that the stock of technological knowledge keeps increasing is not an assumption of the production possibility frontier (PPF).

S24. Ans. (d)

Sol. The net worth of the bank is calculated by subtracting its liabilities from its assets. The bank's liabilities are its deposits, which are equal to ₹ 5000 crores. The bank's assets are its reserves, which are equal to ₹ 6000 crores. Therefore, the net worth of the bank is:

$$\text{Net worth} = \text{Assets} - \text{Liabilities}$$

$$\text{Net worth} = ₹ 6000 \text{ crores} - ₹ 5000 \text{ crores}$$

$$\text{Net worth} = ₹ 1000 \text{ crores}$$

S25. Ans. (b)

Sol. The institution which organizes the free interaction of individuals pursuing their respective economic activities is called a market.

A market is a system in which buyers and sellers interact to exchange goods and services. Markets can be physical, such as a farmers market or a shopping mall, or they can be virtual, such as an online marketplace.

S26. Ans. (a)

Sol. Revenue Deficit = (Revenue Expenditure - Revenue Receipts)

In this case:

$$\text{Revenue Expenditure} = 4000 \text{ crores}$$

$$\text{Revenue Receipts} = (\text{Tax Revenue} + \text{Non-Tax Revenue}) = (1000 \text{ crores} + 500 \text{ crores}) = 1500 \text{ crores}$$

Now, calculate the revenue deficit:

$$\text{Revenue Deficit} = (4000 \text{ crores} - 1500 \text{ crores}) = 2500 \text{ crores}$$

S27. Ans. (b)

Sol. The following statements are true about the problems of excess demand and deficit demand, their measures, and propensity to consume:

- B. Margin requirement is one of the monetary tools.
- D. At Break Even Point, $APC=Unity$.

The following statements are false:

- A. $APC=0$ when $APS = 1$ (Reason: APC never become zero)
- C. RBI will increase SLR in case of underemployment equilibrium. (Reason: RBI decrease SLR in case of underemployment equilibrium)
- E. Government reduces CRR to overcome the problems of deficient demand. (CRR reduced by RBI not Government)

S28. Ans. (c)

Sol. A proportional tax, also known as a flat tax, imposes the same tax rate on all taxpayers regardless of their income or financial status. In the case of firms, this would mean that they pay a consistent percentage of their income or profits in taxes, regardless of how much they earn. Indirect taxes are typically applied uniformly and do not vary based on income or financial capacity.

S29. Ans. (a)

Sol. The Marginal Propensity to Save (MPS) represents the fraction of any additional income that a person or household saves rather than consumes. If all the increased income is consumed, it means that none of it is saved. In this scenario:

$$MPS = 0$$

S30. Ans. (c)

Sol. The following statements are true:

- C. WTO facilitate international trade through removal of Tariff
- D. Developing countries feel cheated as WTO forced to open their market for developed countries

S31. Ans. (a)

Sol. The correct matching is as follows:

List I		List II	
A.	Transaction between the resident and the rest of the world	IV.	Balance of Payment
B.	Revenue and Expenditure	I.	Budget
C.	Export and Import	II.	Balance of Trade
D.	Price of one currency in terms of another	III.	Foreign Exchange

S32. Ans. (c)

Sol. The Law of Demand states that there is a negative relationship between the price of a good or service and the quantity demanded, all other things being equal. This means that as the price of a good or service increases, the quantity demanded will decrease, and vice versa.

S33. Ans. (a)

Sol. The correct expansion for HYV is "High Yielding Variety" of Seeds.

High-yielding variety (HYV) seeds are crop seeds that have been bred to produce higher yields than traditional varieties. HYV seeds are typically developed using cross-breeding and other plant breeding techniques. HYV seeds are often used in conjunction

with other agricultural inputs, such as fertilizers and irrigation, to achieve maximum yields.

S34. Ans. (d)

Sol. The indifference curve for two perfect substitutes will be a straight line.
Perfect substitutes are goods or services that can be used interchangeably without any loss of satisfaction.

S35. Ans. (d)

Sol. The correct matching is as follows:

List I		List II	
A.	Ex-ante saving	III.	Planned savings
B.	Ex-post consumption	IV.	Actual Consumption
C.	Ex-ante consumption	II.	Planned consumption
D.	Ex-post savings	I.	Actual saving

S36. Ans. (b)

Sol. The percentage of deposits which commercial bank must keep as cash reserves with Central Bank is called the Cash Reserve Ratio (CRR).
The CRR is a monetary policy tool used by the central bank to control the money supply in the economy. By increasing or decreasing the CRR, the central bank can make it more or less expensive for commercial banks to lend money.

S37. Ans. (c)

Sol. The following statements will lead to an increase in demand for foreign exchange in the home country:
B. Increase in imports by home country
C. Increase in purchase of financial assets abroad by residents of home country
D. People of home country want to send gifts abroad

S38. Ans. (0)

Sol. The total expenditure on X and Y is $M = PxQx + PyQy$
 $(7 \times 8) + (9 \times 10) = 56 + 90 = ₹ 146$
So the answer is 146

S39. Ans. (a)

Sol. Current account surplus arises when Receipts > Payments.
The current account is a balance of payments account that records the flow of goods, services, and income between a country and the rest of the world over a period of time. Receipts include exports of goods and services, income from investments abroad, and transfer payments received from abroad. Payments include imports of goods and services, income paid to foreign investors, and transfer payments made abroad.

S40. Ans. (b)

Sol. British India first collected population data through a census in 1872, and first regular census from 1981. The first all-India census was conducted in 1872 under the Viceroy Lord Mayo. It was conducted every 10 years after that, until India gained independence in 1947. The first census after independence was conducted in 1951.

S41. Ans. (d)

Sol. Final goods consist of consumer goods and capital goods.
Consumer goods are goods that are consumed directly by consumers, such as food, clothing, and housing. Capital goods are goods that are used to produce other goods and services, such as machines and factories.

S42. Ans. (c)

Sol. Tea leaves purchased by the consumer, purchase of machines by a firm, and vegetables bought by a consumer household are all final goods because they are consumed directly by consumers. Tea leaves purchased by a restaurant are an intermediate good because they are used to produce a final good, which is tea.

S43. Ans. (d)

Sol. The stock variables are C. Capital and E. Money Supply.
Stock variables are variables that measure the state of an economy at a point in time. Flow variables are variables that measure the changes in an economy over a period of time.
Capital is the stock of goods and services that are used to produce other goods and services. Money supply is the stock of money in circulation in an economy.

S44. Ans. (b)

Sol. The annual depreciation is found by dividing the total cost of the machine (55 lakhs) by its expected life (10 years), which equals 5.5 lakhs.

S45. Ans. (d)

Sol. The correct matching is as follows:

List I		List II	
A.	NDP _{MP}	III.	GDPM _{MP} - Dep
B.	NNP _{FC}	IV.	NNP _{MP} - NIT
C.	GDP _{FC}	II.	GDP _{MP} - NIT
D.	GDP _{MP}	I.	C + I + G + X - M

S46. Ans. (b)

Sol. Economic infrastructure refers to the physical and organizational structures that support economic activity. It includes transportation, energy, water and sanitation, telecommunications, and information technology. Health infrastructure is not generally considered to be part of economic infrastructure, because it is primarily concerned with improving the health and well-being of the population.

S47. Ans. (d)

Sol. The National Infrastructure Pipeline (NIP) is a government of India initiative to boost infrastructure investment in the country.

S48. Ans. (b)

Sol. Dried dung is a non-commercial source of energy because it is not traded in the market. It is typically used as a fuel for cooking and heating in rural areas.

S49. Ans. (d)

Sol. Literacy rate is a measure of the proportion of the population that can read and write. It is not a direct measure of the health infrastructure of an economy. However, it can be an indirect measure of health infrastructure, as literacy is associated with better health outcomes.

S50. Ans. (a)

Sol. Improvement in sex ratio in rural areas is a social indicator, not an economic indicator. It is not directly associated with the development of rural infrastructure.